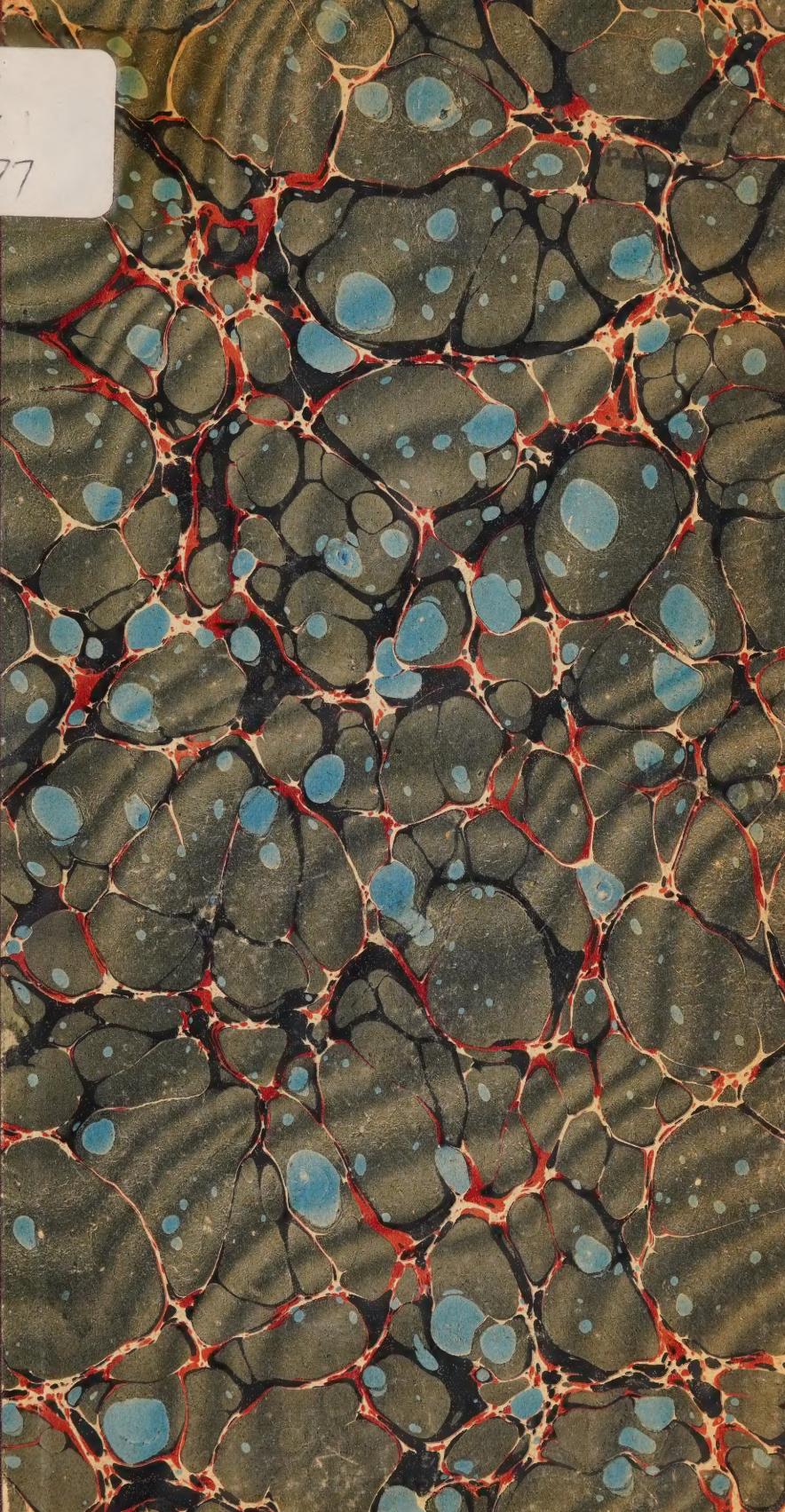


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# FINANCES OF CANADA.

P. 77- 16

## BUDGET SPEECH

DELIVERED IN THE

HOUSE OF COMMONS OF CANADA,

*Friday, 14th March, 1879,*

BY THE

HON. S. L. TILLEY,

*Minister of Finance.*



OTTAWA.

1879



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## THE FINANCES OF CANADA.

# BUDGET SPEECH

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*On Friday, 14th March, 1879,*

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### HON. S. L. TILLEY,

*Minister of Finance.*

Mr. TILLEY : Mr. Chairman, it is only recently, Sir, that I have quite realized the great changes that have taken place throughout the Dominion of Canada since I last had the honour of a seat in Parliament. To-day, I fully realize them, and the increased difficulties devolving upon me, as Finance Minister, compared with the position of affairs when I submitted my financial statement in 1873. Then, Sir, my work was a very easy one indeed. Hon. members on the opposite benches were pleased, on that occasion, to compliment me on that statement, but I felt that I had earned no compliment ; that if that speech was acceptable to the House at that time, it was because of the satisfactory statements I was able to make with reference to the condition of the Dominion and of the finances of the Dominion. Then, Sir, I was able to point to steady and increasing surpluses and revenue, and that in the face of a steady reduction of taxation. Then, Sir, I was able to point, with some degree of confidence, to the prospective expenditures of the Dominion, extending over ten years. To-day I cannot speak of it with the same confidence. Then the construction of the Pacific Railway was under regulations that confined and limited the liabilities of the Dominion to \$30,000,000. To-day I am not in a position to say what expenditure or responsibilities we may have to incur with

reference to that great undertaking. There has been a change in the policy. But it will become the duty of the Government and of Parliament to consider, while we have not the limit to our liabilities that we had—our money liability being then \$30,000,000, with 50,000,000 acres of land—whether we cannot, by some means, construct that great work largely out of the 200,000,000 acres of land lying within the wheat area of that magnificent country. Then, Sir, I could point with pride, and with satisfaction, to the increased capital of our banks and the large dividend they paid. To-day I regret to say that we must point to depreciated values, and to small dividends. Then I could point to the general prosperity of the country. To-day we must all admit that it is greatly depressed. Then I could point with satisfaction to the various manufacturing industries that were in operation throughout the length and breadth of the Dominion, remunerative to the men who had invested their capital in them, and giving employment to tens of thousands. To-day many of the furnaces are cold, the machinery in many cases is idle, and those establishments that are in operation are only employed half time, and are scarcely paying the interest on the money invested. Then, Sir, we could point to the agricultural interest as most prosperous, with a satisfactory home

market and satisfactory prices abroad. To-day they have a limited market, with low prices, and anything but a satisfactory market abroad. Then, Sir, we could point to a very valuable and extensive West India trade ; to-day it does not exist. Then, Sir, we could point to a profitable and direct tea trade, that has been demoralized and destroyed. Then everything appeared to be prosperous ; to-day, though it looks gloomy, I hope there is a silver lining to the cloud, that we may yet see illuminating the whole of the Dominion, and changing our present position to one of happiness and prosperity.

Mr. Chairman, there has been, and very naturally so, a good deal of interest and anxiety manifested on the part of the friends of the National Policy, as it is called, in regard to its early introduction. I can quite understand that, because believing as they do, and as a majority of this House do, that that policy is calculated to bring prosperity to the country, it was but natural that they should be anxious for its introduction, and that not a day should be lost. And it is satisfactory to know that, great and difficult as is the responsibility which rests upon me here, I may trust that the proposition I am about to submit will be sustained, not only by a majority of this House, but by an overwhelming majority in the country. It was natural, therefore, Mr. Chairman, that the friends of this policy should be anxious for its introduction, and it was pleasing and satisfactory to see that even the Opposition vied with the friends of the Government in that anxiety. It is most encouraging to me, because, of course, all Oppositions are patriotic, and certainly a patriotic Opposition, anxious for the introduction of this measure, could not have desired that a bad measure, and one not calculated to benefit the country should be forced hastily upon it. Therefore, I take it for granted that, in addition to the support from the gentlemen behind me, we shall have the support of gentlemen opposite to our policy and the propositions we are about to submit.

But, perhaps, it will not be out of place for me to offer a few remarks in justification of the apparent delay that has taken place. It will be remembered that the Government was only formed on the 19th October. Some delay took

place in awaiting the arrival in Canada of an hon. member, who, I am satisfied, is one whom, whatever the political opinions of gentlemen of this House may be, all would have been anxious to see consulted before the Government was formed—I mean the Minister of Militia. The Government, therefore, was not completed till the 19th October. The members of the Government had to return for re-election, and those elections, though they were hastened with all possible rapidity, because we felt there was a great deal of work to be done, were not over until the early part of November, when we returned to the City of Ottawa. And what did we find ? As Minister of Finance, I cannot say I found the finances in the most satisfactory condition. I found, Sir, that we had maturing in London, between the early part of November and the 1st of January, an indebtedness of \$15,500,000 with nothing to meet it but the prospective payment of the Fishery Award. On this side of the Atlantic we had in the various banks of the Dominion something like \$5,000,000, and between that date and the 1st of January, with the subsidy of the Provinces and payments to contractors who were constructing public works, something like \$3,000,000 had to be paid ; and then, considering the position the banks were in all over the Dominion, the uncertainty as to what might transpire, it was just possible that a reduction in the reserves might take place, and that meant a demand on the Dominion Treasury. Every dollar we found it necessary to take from the banks at the time was embarrassing, and was reluctantly withdrawn. But it was inevitable that the Finance Minister should proceed to London, with the least possible delay, that arrangements might be made to sustain the credit and the honour of the Dominion. Well, Sir, in order to avoid that, feeling the importance of every member of the Government being at his post in order to prepare measures for the meeting of Parliament, a cable message was sent to our agents on the other side to ask if the visit of the Finance Minister to London could not be avoided. The answer was "No ; his presence here is absolutely necessary." Under these circumstances, I proceeded to London, and I placed a loan of

£3,000,000 sterling upon the market there.

While referring to that, it might not be out of place to offer a few observations in reference to that loan, as it has been criticised. That loan, as the prospectus shows, was offered to the highest bidder, and tenders were asked up to 3 o'clock, on the 6th December. At that hour, owing to a variety of circumstances—and among them I may name the suspension, on that day, of the West of England Bank, and the anticipated suspension of that bank for several days previous, which led to the demand from the country banks on the banks in London, for gold to strengthen their position, and placed several of these London institutions in such a position that they could not tender, although they had intended to do so at an earlier period—about £1,700,000 only were tendered for, out of the £3,000,000; and it was then stated that the loan would be kept open till the following Monday, at 3 o'clock. On that day, it was announced that the balance of the loan had been taken, and I was in a position to make my arrangements to leave on the 12th, having made provision to meet our maturing indebtedness; and on the 13th of that month the first instalment on that loan was paid into the hands of our agents. Now, Mr. Speaker, if there should be any further criticism in this House, or elsewhere, with reference to my absence from this country; if it should be said by any hon. gentleman in this House that the time selected for placing that loan on the market was an unfavourable one; if it should be said that it was the most unfavourable time, looking at the condition of the London money market, in which any of the Dominion loans had been floated; if it is said that that loan should have been floated in May or June, when money was bringing but two per cent. instead of six per cent. and seven per cent.—the rate when it was negotiated; if such should be said, or any reflections be made with reference to my absence in England, I will ask my hon. friend—my predecessor—to make my defence.

Then, Sir, after my return to Canada, it became necessary that we should consider the whole question of the tariff. It is not a question

that can be settled in a day. It is not a question that can be settled intelligently in weeks, indeed it would have been well if we could have had more time to consider it than we have had, considering the magnitude and importance of the work. I can appeal to other Finance Ministers, and especially to my immediate predecessor, who, in 1874, made several changes in the tariff of that day, to speak of the difficulties there are in making even as few changes as were then made. But if we undertake, as the present Government have undertaken, to readjust and reorganize, and, I may say, make an entirely new tariff, having for its object not only the realization of \$2,000,000 more revenue than will be collected this year, but, in addition to providing for that deficiency, to adjust the tariff with a view of giving effect to what has been, and is to-day, declared to be the policy of the majority of this House—I mean the protection of the industries of the country—the magnitude of the undertaking will be the better appreciated. Sir, we have invited gentlemen from all parts of the Dominion, and representing all interests in the Dominion, to assist us in the readjustment of the tariff, because we did not feel,—though perhaps we possess an average intelligence in ordinary Government matters,—we did not feel that we knew everything. We did not feel that we were prepared, without advice and assistance from men of experience with reference to these matters, to readjust and make a judicious tariff. We, therefore, invited those who were interested in the general interests of the country, or interested in any special interests. Gentlemen who took an opposite view, met us and discussed these questions, and I may say that, down to as late a period as yesterday, though the propositions are submitted to-day, we were favoured with the co-operation and opinion of gentlemen who represent their particular or general views with reference to the great questions we have under consideration. We have laboured zealously and arduously, and I trust it will be found successfully; and we are now about to submit our views for the consideration of this House. I think we may appeal with some degree of confidence to gentlemen in opposition, in approval of the early

period at which this tariff is being introduced, when I call to the minds of those hon. gentlemen that their Government was formed on the 7th of November, 1873 ; ours on the 19th of October ; that my hon. predecessor did not submit his tariff and Budget speech until the 14th of April, this being the 14th of March. When we submit to this House the result of our deliberations, you will all understand the nature and extent of the consideration that must necessarily have been given to them. I trust that this House and the country will feel that we have presented our views at as early a period as possible, taking all these facts into consideration.

Now, Mr. Chairman, I desire to call the attention of the House in the first place to the Estimates. I will not occupy your attention with the expenditure for the years 1877-78. That is before you in the Public Accounts. But I desire to call the attention of the House, in the first place, to a few facts with reference to the expenditures for this year. It will be borne in mind, Sir, that in the Estimates submitted by our predecessors last year of the income and expenditure of the present year, the estimated income exceeded slightly the estimated expenditure. The estimated expenditure in round numbers was \$23,600,000. It will be found the expenditure of this year will exceed \$24,000,000. The Supplementary Estimates that I will submit to the House in a few days will be for Dominion Lands, \$7,000 ; Post Office Department, \$20,000 ; Public Works, revenue, that is railroad, \$186,000 in excess of the estimates, notwithstanding the efforts that have been made, and are being made, and will continue to be made, by the hon. the Minister of Public Works to reduce that expenditure. For Customs, in addition to the estimates of last year, a subsequent estimate of \$17,740 will be required for the expenses of collecting revenue ; Mounted Police, \$40,000 ; Indians under treaty arrangement, \$44,674 ; Ocean and River Service, \$19,770 ; Public Works and Buildings, \$116,386 ; Militia (special), \$20,261. This is in connection with the troubles that occurred in Montreal. The Paris Exhibition, \$25,000 ; Charges of Management, which were omitted in

the Estimates of last year, \$75,000, and which was in connection with the redemption of the debt of \$7,500,000 ; Election expenses, in addition to the vote that was made, \$60,000 ; Penitentiaries, \$12,500 ; Sundry Minor Expenses, \$10,000, making altogether, \$654,424 ; less Public Works revote, carried over to be expended next year, \$163,000 ; on other services, \$75,000, making a total of \$238,000, and leaving the supplementary estimated expenditure, over and above the estimates of last year, \$416,424. This, added to the estimates, makes the total estimated expenditure of \$24,085,424. Estimated revenue for the present year, taking the first six months as our guide, and it is a very fair guide, under ordinary circumstances, will be \$21,620,000. Now, Mr. Chairman, it will appear from the returns that will be laid on the table of the House, that in the last three or four weeks a very large sum has been collected on Customs and Excise. This arises from the anticipated changes in the tariff. But, taking, as previously stated, the first six months as a criterion, the estimated revenue will be \$21,620,000, leaving a deficiency of \$2,400,000. This is not very encouraging for the present year. Last year, as you see by the Public Accounts, the deficiency was between \$1,100,000 and \$1,200,000. Notwithstanding all the efforts that have been made, the saving that will be made in the Agricultural Department, the saving that will be made by the Minister of Public Works in connection with the railways, and the savings that have been made by the removal and dismissal of supernumerary employés in the different Departments—notwithstanding all this, there will still be a deficiency of \$2,400,000.

Now, I will call the attention of the House for a few moments to the Estimates of next year. As these are before the House, I can deal more intelligently with them and call attention to the increase and decrease under these estimates. In the interest on the public debt, you will find that there is a very considerable increase. The increased interest is payable in England, in consequence of the last loan. The estimated amount for the new loan placed

in last year's Estimates was \$504,000. Charges of Management, paid in England \$60,000, less savings \$6,500; total increase in the Charges of Management, \$53,500. There is an amount under this head that is payable in connection with the redemption of the debt of \$6,000,000, on the 1st January next, and this corresponded with the item omitted last year, in connection with the redemption of \$7,500,000 in January last.

MR. CARTWRIGHT: I am very sorry to disconcert the hon. gentleman, unless with his permission. If my memory serves me, it may interest the House to know exactly how these two heavy charges on the debt which he paid, and is about to pay, have accrued. I would just suggest that he should mention that to the House.

MR. TILLEY continuing, went into an elaborate statement of the estimated expenditure for 1879-80, shewing a net decrease of \$241,191. He also went into the obligations to be met, and proved that a deficiency of \$1,600,000 would have to be met, even should the \$850,000 estimated as properly belonging to next year's revenue, be placed to the credit of the current year. He continued: In my opening remarks, I referred to the difficulty with which we have to grapple. We must, if we meet the expenditure of next year, our interest, the charges upon our revenue, and the necessary expenditure which the country has a right to expect, ask from this House the authority to receive a revenue from the customs of \$2,000,000 more than received this year. We have also, in arranging for the levying of that duty, to consider how it can best be imposed to encourage the industries of the country.

It would be well, before I enter upon the consideration of this part of the question to ask ourselves what are the circumstances that have led to the reduction of revenue and to the present depressed condition of the country? With reference to the reduction of the revenue, I have heard it remarked that it is strange that that reduction of late years has been so great. Perhaps there is as much prosperity here as in many other parts of the world; then why was there such a falling off in our revenue compared

with the revenues of the United States and Great Britain? When we examine the case, we ascertain the fact that nearly all the revenue collected in England and a large portion of the revenue of the United States is from specific duties, and, therefore, the decrease in the value of imports does not, in those countries, materially affect the revenue, whereas in the Dominion the duties are principally *ad valorem*, and, therefore, largely affected by the decrease in the value of goods imported. It is established by comparative statements that the goods imported into the Dominion have decreased in value to the extent of 33½ to 40 per cent., and the duties on those imports being levied largely on the *ad valorem* principle, there has been a falling off in the revenues of the Dominion in a corresponding proportion. In the propositions I am about to make, it will be shown—and I state this fact in order that the House may perfectly understand the nature and extent of those propositions—that on many articles on which we propose an increase of duty, 25 per cent., levied on the value, will not bring more per yard than we received on a 15 per cent. tariff in 1873. We will, by way of illustration, take 100 yards of cloth, valued in 1873 at \$1 a yard; the duty collected on it would have been \$15. The same cloth is worth now but 60c. per yard, and it would require a tariff of 25 per cent. to produce the amount of revenue received from the same quantity in 1873. It is important to bear this fact in mind; because, while it may be thought on the other side of the Atlantic, and by our neighbours, that we are increasing largely our taxation, and imposing increased duties on the products of other countries, it is well to make it understood that, if our duties had been specific, we should have been receiving the same amount of revenue as in 1873. There are other difficulties: the volume of imports has not much diminished. Regarding the matter as I do, I think it is to be regretted that the volume of imports has not been materially reduced. I look upon the large imports, ever since the Dominion was organized, showing a large balance of trade against it, as one of the causes of the troubles with which we have to contend—one of the difficulties

that it is our duty, if possible, to remedy. They have been decreasing to a certain extent, but are still very large, showing distinctly and clearly, in my judgment, that they ought still to be further diminished. I know there are hon. gentlemen here, and elsewhere, who entertain the opinion that the balance between the imports and exports is not a correct mode of judging of the condition of a country. I know that opinion is entertained by hon. gentlemen opposite. But let us, just for a few moments, turn our attention to the condition which England occupies to-day, as compared with the United States. From 1867 to 1873, the balance of trade against England amounted, in the average, to £50,000,000 sterling. It is quite true that difference was met by interest, the returns from her vessels, and in various ways, to an extent largely counterbalancing it, or leaving a balance in favour of England. By the last return I have, which covers the year 1877, the balance of trade against her is shown to be £140,000,000 sterling, or \$700,000,000 per year. The balance of trade against the United States in 1872 was \$116,000,000; in 1873 it was reduced to \$66,000,000; but last calendar year showed that balance in favour of the United States had reached \$300,000,000 a year. I think, then, without entering into a discussion here of Free Trade and Protection, so far as it affects England and the United States, we may fairly conclude that the prosperity of the one country, at this moment, is caused in a great measure by the large surplus in its favour, and the depression in the other by the large deficiency. Under these circumstances, it appears to me we should turn our attention to the best means of reducing the volume of our imports from all parts of the world.

Let me refer to some circumstances that led to the present depression in the revenue. During and after the war in the United States, it is well understood that that country lost a large portion of its export trade, and its manufacturing industries were to a certain extent paralyzed; and it was only about 1872 or 1873 that they really commenced to restore their manufacturing industries, and endeavoured to find an extended market elsewhere for the manufactures of their country.

Lying as we do alongside that great country, we were looked upon as a desirable market for their surplus products, and our American neighbours, always competent to judge of their own interests and act wisely in regard to them, put forth every effort to obtain access to our market. It is well known by the term slaughter-market what they have been doing for the last four or five years in Canada; that in order to find an outlet for their surplus manufactures, they have been willing to send them into this country at any price that would be a little below that of the Canadian manufacturer. It is well known also that they have had their agents in every part of the Dominion seeking purchasers for their surplus, and that those agents have been enabled, under our existing laws, to enter those goods at a price much lower than they ought to have paid, which was their value in the place of purchase. It is well known, moreover, that the United States Government, in order to encourage special interests in that country, granted a bounty upon certain manufactures, and so gave to them the exclusive market of the Dominion, and, under those circumstances, we have lost a very important trade, possessed previous to 1873. In addition to the loss of the West India trade, by the repeal of the 10 per cent. duty on tea, we lost the direct tea trade, and all the advantages resulting from it, by its transfer from the Dominion to New York and Boston. Under all those circumstances, and with the high duty imposed by the United States on the agricultural products of the Dominion, by which we are, to a great extent, excluded from them, while the manufactures of that country are forced into our market, we could not expect prosperity or success in the Dominion, so long as that state of things continued. These are some of the difficulties which have led to our present state of affairs.

Now, after having made these few remarks on that head, I desire to call the attention of the House to the remedy. I know this is a difficult question—that it is the opinion of some hon. members, that no matter what proposition you may make, or what legislation you introduce, it cannot im-

prove or increase the prosperity of the country. The Government entertain a different opinion. I may say, at the outset, it would have been much more agreeable if we could have met the House without the necessity of increased taxation. But in the imposition of the duties we are now about to ask the House to impose, it may be said we shall receive from the imports from foreign countries a larger portion of the \$2,000,000 we require than we shall receive from the Mother Country. I believe such will be the effect, but I think that in making such a statement to this House, belonging, as we do to, and forming a part of that great country—a country that receives our natural products without any taxation, everything we have to send to her—apart from our national feelings, I think this House will not object if, in the propositions before me, they touch more heavily the imports from foreign countries than from our Fatherland. I have this to say to our American friends: In 1865 they abrogated the Reciprocity Treaty, and from that day to the present a large portion of the imports from that country into the Dominion have been admitted free. We have hoped, but hoped in vain, that by the adoption of that policy we would lead our American friends to treat us in a more liberal spirit with regard to the same articles. Well, after having waited twelve years for the consideration of this subject, the Government requiring more revenue, have determined to ask this House to impose upon the products of the United States that have been free, such a duty as may seem consistent with our position. But the Government couple with the proposal, in order to shew that we approach this question with no unfriendly spirit, a resolution that will be laid on the table containing a proposition to this effect: That, as to articles named, which are the natural products of the country, including lumber, if the United States take off the duties in part or in whole, we are prepared to meet them with equal concessions. The Government believe in a reciprocity tariff, yet may discuss Free-trade or Protection, but the question of to-day is—Shall we have a reciprocity tariff, or a one-sided tariff?

The Government propose to do

more. We had not been long the advisers of His Excellency before we decided that it was of the utmost importance to extend our trade with the British and foreign West India Islands, and, if possible, with South America, and that we should secure, if possible, the admission of our ships into France at the same rate of duty as is charged upon British-built ships. Turning their attention to this subject, they advised His Excellency to appoint Sir Alexander Galt, one of the ablest statesmen in the Dominion—a gentleman whose experience in connection with the finances of this country, and whose knowledge of its trade and commerce cannot be surpassed by any, as a delegate to confer with the Government of Spain, and with the authorities in the British West India Islands, and associated with him Colonel Bernard, as assistant commissioner. I think that this House will sustain the action of the Government in this matter. These gentlemen went to Madrid, with the approval of the British authorities, to make arrangements with the Spanish Government to open up a trade with the Spanish West Indies. The papers on this subject we would gladly lay before the House, but at this time it would not be expedient to do so. In visiting England, my colleagues authorized me to communicate with the Imperial Government and ascertain if some arrangements might not be made, through their Minister in Paris, for the admission of our ships at two francs per ton, the same as paid by the British builder. Finding my time was limited and that it was necessary to return immediately, I stated to the Secretary of State for the Colonies the nature of the duties imposed upon me by the Government. I asked his permission to charge Sir Alexander Galt with this duty also. It was agreed to, and he has made some progress in these negotiations. I trust before long to be able to submit the whole correspondence with reference to this matter for the information of the House. But, Sir, we desired not only to extend our trade with these countries, we felt that it was necessary to protect ourselves in other directions. We found, Sir, as I stated before, that it was important to encourage the exportation of our manufactures to foreign countries, and we are prepared

now to say that the policy of the Government is to give every manufacturer in the Dominion of Canada a drawback on the duties they may pay upon goods used in the manufactures of the Dominion exported. We found also, Sir, as I have already pointed out, that under the bounty system of some foreign countries, our sugar-refining trade, and other interests, were materially affected. Well, Sir, the Government have decided to ask this House to impose countervailing duties under such circumstances. I trust that this proposition will receive the support of both sides of the House, because some six months since, when the deputation of sugar refiners in London waited upon Mr. Gladstone and Sir Stafford Northcote, both of them being gentlemen representing Free-trade views, they declared, in the most emphatic terms, that when a Government came in and thus interfered with the legitimate trade of the country they were prepared to impose countervailing duties. To make this matter plain, and place it beyond dispute, the Government propose to ask the House for authority to collect on all such articles an *ad valorem* duty, on their value irrespective of drawbacks. My colleagues say explain it. For instance, a cent and a quarter drawback per pound is granted on cut nails exported to the Dominion of Canada; the duty will be calculated on the value of the nails, irrespective of that drawback. Now a bounty is given on sugar in excess of the duty which is paid by the sugar refiners; the Government will exact an *ad valorem* duty, on the value of that sugar irrespective of the drawback. I may also state, Mr. Chairman, that another reason why I think our American neighbours should not object to the imposition of the duties we propose is this: It is a fact, though not generally known, that the average percentage of revenue that is imposed on all imports into the Dominion of Canada, at the present time, taking the returns for last year as our criterion is  $13\frac{3}{4}$  per cent. The amount of duty collected on the imports from Great Britain is a fraction under  $17\frac{1}{2}$  per cent.; while the amount of duty collected on the imports from the United States is a fraction under 10 per cent. If our friends across the border will not give us the Reciprocity Treaty again, they cannot find any-

thing to object to in the imposition of these duties, if they bear a little more heavily on the articles imported from that country than they desire. When I state that the imports entered for consumption from Great Britain amounted in 1878 to \$37,431,000, and in 1873 to \$63,000,000, or nearly double; the imports in 1877-8 from the United States were \$48,631,739, and for 1873-'4 \$54,283,072, it will be seen there has been a slight falling-off; while, from England, it has been about one-half, under the operation of the present tariff. But, Sir, the House is more interested in the nature of the proposals we are about to submit than in the statements I have just made. Before I come to that, Sir, it is the first opportunity that has been afforded me of saying a few words to my hon. friend my immediate predecessor. I know this subject is not of such importance as to justify me, at this time, in occupying much of the time of the House, but I must take this opportunity of thanking my hon. friend the member for Cumberland, who, in my absence, so eloquently defended my policy of 1873, who so ably met the statements made by my hon. predecessor. I recollect that, on a similar occasion, perhaps the first in which he had addressed the House as Finance Minister, he regretted that there had not been on the floor of the House a gentleman who had been a Finance Minister belonging to the other side. I felt, Sir, after reading the speech of my hon. friend from Cumberland (Mr. Tupper), that if it had been in the power of my hon. friend from Centre Huron (Mr. Cartwright) to have translated my hon. friend to Fredericton, and brought me back, he would have willingly made the exchange. I think so. But what did my hon. friend (Mr. Cartwright) do when he visited my constituents last summer? He, no doubt, desired to enlighten them. But I may be pardoned in saying I judged that one of his objects was to secure the defeat of some of the candidates, myself amongst the number. I recollect that he referred to the fact—and he spoke of it as my crowning offence—that I as Finance Minister, in 1873, had brought down Supplementary Estimates \$800,000 or \$900,000 in excess of the estimated receipts. I recollect the

manner in which he dwelt upon this; the strong way in which he endeavoured to impress on the mind of my constituency what a great offender I had been, and that this was my crowning offence. Sir, he might have told that immense gathering that I, at the time, stated that the Estimates were then, as they were on previous years, largely in excess of the sum that would probably be expended. He might have told them that it was probable the receipts would be ample to cover the expenditure, and that I stated that should not such be the case, the \$800,000, the anticipated surplus of the then current year, would be amply sufficient to meet the deficiency. He might have said that. He might, Sir, have gone on and told them, "though Mr. Tilley has been such a blunderer, I, the Minister of Finance, have, for four years in succession, had a large deficiency. I made no provision for it." He might have pointed to the fact that, when the late Government were in power, they had a surplus of \$10,000,000, which the deficiencies under the present Government during the last four years had reduced to \$3,000,000, their deficiency being \$7,000,000 during the last four years,—taking the whole six years about \$5,000,000. But, I will say this, because I do not want to decry the credit or the standing of the Dominion: that we are in a position to state that, taking the whole twelve years into account since the organization of this Dominion; taking our surplus of twelve years; taking the amount of \$500,000, which had been charged improperly to income, that ought to have been charged to railways, and adding the \$4,500,000 received from the fishery award, and deducting the deficiency, it will be shown there has been a surplus over and above the expenditure amounting to \$10,000,000, or nearly so, which shows, despite what has occurred during the last three or four years, that this Dominion has life and vitality if its affairs are properly administered. I will go, if my hon. friend will permit me, in imagination with him to his constituency on the 17th of September. I will meet him there, on his return from Kingston, where he was engaged in a work, to him, no doubt, a labour of love.

Some HON. GENTLEMEN: Successful labour.

MR. TILLEY: Where he found that, for the first time in his public life, the constituency that had stood by him—no matter what side of politics he was on—had deserted him, and I can see him as he receives his telegrams later on, finding that one friend after another has fallen, and that the Government is in a terrible minority—I can imagine, Sir, that I can see him pacing the floor, greatly agitated, and saying: "Well, this is terrible; this is hard." I can see him a little after with his countenance somewhat more placid and resigned. I can hear him exclaiming, as he has been thinking over the deficiencies for the last four years, and the condition of the finances,—I can hear him say aloud: "Well, terrible, terrible as has been the judgment, looking at it in the light in which I judged my political opponents, the verdict is just!" Now, Sir, we may have some other opportunities of considering the past, but the country is looking to the future; is looking for something more than badinage or recrimination between the two sides of the House, and asking: What are you going to give us as a remedy for all the evils existing? The anxiety of the Opposition for this remedy appears so great. The leading organ cries: "Let us have it now!" and it is echoed from hill-top to valley. They wanted it "now"; they could not wait a day for it; they were so anxious to get it, I hope it will be pleasing to them and to the whole country.

I may say, at the outset that, in considering this question of the tariff and protection to our industries, the Government considered how they could best discharge their duty to the Dominion; how they could best accomplish the object the country desired to see accomplished. We might obtain two million dollars by the imposition of duties upon certain articles, and appear to give protection, but in reality give none whatever. We might obtain a revenue from the increased duties, but not place it in such a position as to give real encouragement and protection to the industries we desire to protect. And, therefore, Sir, in arriving at the conclusions at which we have arrived, and which are to be submitted to the House, we submit them with the full conviction that they will be effective in their

character, and give ample protection to all who are seeking it, and who have a right to expect it. I fear that I may weary the patience of the House, but really the importance of the subject is such that, if I am tedious, you will pardon me, for I desire to be as clear as possible. The tariff is in a somewhat voluminous form, and I can only give extracts from it in order to show the general changes we have made. Still, I have classed them under different heads in order the more intelligently to explain it to the House, and I expect that to-morrow morning hon. members will have the resolutions in printed form.

MR. MACKENZIE: We shall keep very quiet.

MR. TILLEY: I hope you will. I propose to deal first with cotton goods, and I may say here, before reading the schedule I have before me, that the principle the Government has adopted with respect to many of these articles, is this: That where there are certain grades or descriptions of manufactures, the policy of the Government is this: To select for a higher rate of duty those that are manufactured, or can be manufactured, in the country, and to leave those that are not made in the country, or likely to be made in the country,—such as printed cottons,—at a lower rate of duty. It is difficult, in some descriptions of goods, to draw the line and make distinction. With reference to cotton goods we have but little difficulty in doing it. There are certain portions made here, and certain portions that are not made here, and a line can be clearly and distinctly drawn. The proposition of the Government with reference to these goods, is as follows:—Cotton wool, cotton waste, free; and I may state, for the information of hon. members, they must not suppose that the free goods named here are all that are in the list; but, in order to bring it intelligently under the particular class of which I am speaking, where a portion is free and a portion paying duty, I introduce the free goods with that list, but it is separate and distinct by itself. Bleached or unbleached cottons, sheetings, drills, ticks, cotton and Canton flannels, not stained or printed, one cent. per square yard, and 15 per cent. *ad valorem*.

Now upon the question of under-valuation I may say a few words. One of the

great difficulties that was pointed out to the Government by every delegation was the under-valuation of goods, and I may state here that the Government will ask you for a vote of money to enable them to overcome this difficulty, and they will also ask you for power and authority, such as the United States has, and exercises to-day, to fix through their officers, the value of the goods in the country from whence they are imported. The great difficulty I have pointed out is stated on all hands; it makes but little difference what the rate of duty you impose, unless you prevent the under valuation. Now, we propose appointing additional officers, whose special business it will be to ascertain, in the different countries, what the value of the goods are in that country or the city from whence they are imported, and to impose the duty on those values, and to collect them. But, notwithstanding that, there will be a difficulty, and to obviate that difficulty, and to reach certain special classes of goods, it has been considered desirable, with these particular industries, to place on them, both a specific and *ad valorem* duty.

Under these circumstances, we have decided that, in respect to this class of goods, 1c. per yard, and 15 per cent. *ad valorem* should be imposed. On all cotton sheeting, drillings, bed-tickings, plaids, cotton and Canton flannels, tickings and drills, dyed or coloured, pantaloons stuff and goods of that description, 2c. per square yard, and 15 per cent. *ad valorem*. These are articles, the value of which is well known in the trade, and we impose specific and *ad valorem* duties.

MR. MACKENZIE: Can the hon. gentleman give us the values of those two classes?

MR. TILLEY: I have the rates here, and shall be able to inform the House when we come to them. On all cotton batting, warps, carpetings, knitting cotton, and other cotton yarns, under No. 40, not bleached, dyed or coloured, 2c. per yard, and 15 per cent. *ad valorem*; on the same, if bleached, dyed or coloured, 3c. per pound, and 15 per cent. *ad valorem*; on cotton warp, on denims, 1c. per yard, and 15 per cent. *ad*

*valorem*; on cotton bags, 2c. per pound, and 15 per cent. *ad valorem*; on cotton shirts and drawers, woven or made with cotton, 30 per cent. *ad valorem*; cotton sewing threads,  $12\frac{1}{2}$  per cent.; on spools, 20 per cent.; on all clothing made with cotton, or of which cotton is a component part, 30 per cent.; on all manufactures of cotton, not elsewhere specified, and which come mainly from England, and which we do not make in this country, 20 per cent. I may state here, at the outset, that it is the intention of the Government to increase the  $17\frac{1}{2}$  per cent. list, as a whole, to 20 per cent., being goods that will yield, notwithstanding the articles that are taken out of the list, an increase of, perhaps, \$750,000 out of the \$2,009,000 required.

We now come to silks: Silks, raw, or, if reeled from the cocoon, not manufactured from silk yarns, 15 per cent. *ad valorem*; sewing silk and silk twist, 25 per cent.; on silk velvets and manufactures, of which silk is a component part, not elsewhere specified, 30 per cent. *ad valorem*. Next in the list are leather manufactures: On sole leather, tanned or rough and undressed, and on morocco, 10 per cent. *ad valorem*; on sole and belting leather, tanned, and on all upper leather, not otherwise specified, 15 per cent *ad valorem*; on the same dressed and harness, 20 per cent. *ad valorem*; on patent and enamelled leather, 20 per cent.; on all other leather and skins, tanned, not otherwise herein provided for, and on leather belting, boots and shoes, and on other manufactures not otherwise provided for, now  $17\frac{1}{2}$  per cent., will be 25 per cent.; gloves of leather, 25 per cent.; leather board, 3 cents per pound. Marble in stone, or marble in block, rough on two sides, when not specially shaped, containing 15 cubic feet, or upwards, 10 per cent.; slabs, sawn on not more than two sides, 15 per cent.; planks and slabs, sawn on more than two sides, 20 per cent.; on finished marble, mantels of marble, and imitation marble, not elsewhere specified, 25 per cent. *ad valorem*; on stone, rough, freestone, sandstone and other stones, excepting marble, per ton of 13 cubic feet, \$1; on curb stone, in the rough, \$1.50 per ton; on water

limestone, \$1 per ton; on dressed freestone, building stone and all manufactures of stone, 20 per cent. *ad valorem*; slate for roofing or slate-slabs, square and not specially stated, 20 per cent. *ad valorem*; school and writing slates, 25 per cent.; slate mantels, 30 per cent.; bricks for building, 20 per cent.; fire bricks or tiles for stoves and furnaces, 20 per cent.; hydraulic or water lime, ground, including barrels, 40 cents per barrel; Roman cement, 20 per cent. *ad valorem*; drain pipes, 20 per cent., *ad valorem*. Now I come to another item that is, in some respects, in the same position as cotton goods, that is, earthenware and stoneware, brown and coloured, and Rockingham ware. That is an article made extensively in the Dominion of Canada. It is a coarse ware, but is manufactured extensively in this country, and all we require can be produced in the Dominion. It is proposed to select those articles that we can produce, and to impose a duty of 25 per cent. on earthenware and stoneware, and on C.C.-ware, an *ad valorem* duty of 30 per cent., while all other china and porcelain, and imports of that kind, come under the category of unenumerated articles at 20 per cent. Gypsum, unground, free; gypsum, or plaster of Paris, ground, 20 per cent. *ad valorem*.

Now I come to coal and coke. We propose that anthracite coal should pay a duty of 50c. per ton; bituminous coal, 50c. per ton; and coke, 50c. per ton—meaning a short ton of 2,000 pounds. In dealing with this matter, the Government had to consider what, in their judgment, would give barely the market of the Dominion to the coal deposits of Nova Scotia, because they are principally there. We know that, upon this subject, there has been some conflict of opinion; but the judgment of the Government is that, while the average import of coal into the Dominion of Canada during the last few years has been from 800,000 to 900,000 tons, and while the anthracite coal will continue to be largely imported, the Nova Scotia coal will take the place of a part of it. In the estimates of the Government, out of the 800,000 or 900,000 tons now imported, probably there will still be 350,000 tons of anthracite, and perhaps 150,000 tons

of bituminous still imported, giving to the Nova Scotia coal the balance of 400,000 tons, with, of course, an additional output, if, as we expect, our policy is successful, in consequence of an increased demand for coal to supply the growing manufactures of the country.

The next class of articles proposed to be dealt with is books, papers and manufactures of paper. We experienced some difficulty in dealing with this item, and we called to our assistance gentlemen who know the trade thoroughly, who are acquainted with the interests on both sides, and understand the matter from their own business point of view, and after conferring with them, the Government decided upon the following propositions:—Books, printed periodicals, pamphlets, bound or in sheets, not being foreign reprints of British copyrighted works, nor blank account books, copy books, Bibles, prayer books, psalm books or hymn books, six cents per pound. The Government adopted this principle, which is in operation in every country, I believe, except the United States, that the higher class and better class of books which cost a higher price than the objectionable and inferior books, where intellect has made the book valuable, a duty should not be placed upon the intellect, but the duty should be collected simply upon the value of the labour and the paper. Upon British copyrighted books 6c. per pound and 12½ per cent. *ad valorem*. On bibles, prayer-books, &c., 5 per cent., as at present. On books and pamphlets imported through the post-office, for every two ounces in weight and fraction thereof, 1c. A great many books are sent through the post-office from the United States and elsewhere into the Dominion of Canada, and the Customs authorities have experienced great difficulty in regard to them, but under this proposition it is not necessary to know the value, but simply the weight. Newspapers imported through the post-office free, blank books, 20 per cent. *ad valorem*; printed bill heads, cheques, receipts, drafts, posters, labels, advertising matter, &c., 30 per cent. *ad valorem*; advertising pamphlets, \$1 per hundred; printed music, bound, or in sheet, 6c. per pound; playing cards, 30 per cent.; engravings, prints, &c., 20

per cent.; maps and charts, 20 per cent.; articles not specified, 20 per cent.; on pulps for paper makers, 10 per cent.; mill and straw board, 10 per cent.; envelopes, &c., 25 per cent.; paper hangings and wall paper, 25 per cent.; printing materials and presses, 15 per cent.; printing type, 20 per cent.; type metal, 10 per cent.; type, old, and fit only to be re-manufactured, free; engraved plates, 30 per cent.; electrotypes, &c., 10 per cent.

I now submit the proposition with reference to carriages, furniture and wooden ware:—Railway carriages, cars, waggons, sleighs, wheelbarrows and like vehicles, 25 per cent. *ad valorem*; household or cabinet furniture of all kinds, not otherwise named, 35 per cent. Some hon. members may ask why the rate of duty on this description of manufacture is 5 per cent. higher than that in some others? Marble slabs and cabinet-maker's hardware pay a high duty, and the same may be said of other articles used by the manufacturers, such as varnish. On clocks the Government propose a like duty. On examination it was found that clocks are manufactured, and extensively too, in the Dominion, as the duty on the material which enters into the manufacture of these clocks has been increased, the Government felt it right to ask the House to agree to this proposition, I was under the impression that clocks were an article on which it would not be wise to impose a duty, as with any protection we might give them, we could not compete successfully with our American neighbours. But I found in that busy city of Hamilton, which is represented by nearly every article in the schedule before me, there is a clock-making industry successfully established, and producing a very nice article, in a birds-eye maple frame, for seventy cents, and they have orders from England for 6,000 or 7,000 of these clocks. Picture frames, mouldings, &c., 25 per cent.; billiard tables with pockets, 4½ feet by 9 feet, \$22.50; and with reference to these articles and the smaller class of organs and pianos, I may say that the Government have decided, after careful consideration, to impose a specific duty and an *ad valorem* duty,—billiard tables with pockets, 5 feet by 10 feet, \$25; 5½

feet by 11 feet, \$35 ; 6 feet by 12 feet, \$40 ; in addition to an *ad valorem* duty of 10 per cent. Musical instruments : Organs with not over two sets of reeds, a specific duty of \$10 ; with more than two sets and not more than four, \$15 ; with more than four and not more than six sets, \$20 ; all having over six sets of reeds, \$30, and in addition thereto 10 per cent. *ad valorem* on the fair market value; square pianofortes, having not over seven octaves, \$25 ; upright pianofortes, \$30 ; concert or grand pianofortes, \$50, in addition to ten per cent. *ad valorem* on the fair market value. Agricultural implements, not otherwise specified, 25 per cent. ; woodenware pails, tubs, churns, brooms, brushes, &c., not otherwise specified, 25 per cent. ; corks, and manufacture of corkwood, 20 per cent. ; corkwood and bark, unmanufactured, free.

We now come to glass manufactures, and here the same principle is intended to apply as that which I pointed out in reference to cotton and earthenware. We have selected for a higher rate of duty the description of glassware that can be made in the Dominion. On pressed glass bottles, vials of every description, 30 per cent. ; carboys and demijohns, 30 per cent. ; telegraph and lightning-rod insulators, 30 per cent. ; lamps, globes, etc., 30 per cent. ; ornamental, stained, and tinted glass, and glass windows, 30 per cent. ; common and colourless window glass, and glass painted, enamelled and engraved, 20 per cent. ; and all other glass, not otherwise specified, the non-enumerated rate of 20 per cent.

The next class of articles is metal. The first item is pig iron. In dealing with this question, the Government had to take into consideration the important iron interest of the Dominion. It is quite true that a very large deposit of iron is found in the Province of Nova Scotia. Adjacent to it are immense beds of coal, inexhaustible, and no doubt for the Province of Nova Scotia this interest is a very important one, but it is not confined to Nova Scotia. We find, on examining the geological reports and the reports of the officials who have been charged with the enquiring into the extent of our iron deposits, that in every Province of the Dominion there are large deposits of iron. From the

west we have had specimens of iron submitted to us of the most valuable character, made by the application of heat from petroleum, which appears to remove some of the difficulties that have been experienced in producing good iron before, inasmuch as it removes the phosphorus and sulphur which rendered that iron to a great extent valueless. If this be so, we may reasonably expect that in the western part of our Dominion, in Nova Scotia, in the valley of the Ottawa, in the Provinces of Quebec and New Brunswick, we may, by giving some encouragement to this manufacture, or its production, have these industries springing up all over the Dominion and producing the most beneficial results. We find in every country, no matter what country it is—take England for instance, take France or any other country that has risen to any position of wealth and commercial greatness—and you will find the iron interest is one of the most important of that country. I would also instance the United States. It may safely be said that it is the basis of every other industry. It is true we have not developed it to a great extent yet. We have one establishment at present in operation in Nova Scotia, but it will only produce one-fourth of our present consumption. There is no reason why we should not supply the whole of the trade in time. There is a great diversity of opinion as to how this protection is to be afforded. It is now proposed to place a duty of \$2 per ton on pig iron ; old and scrap, in blooms, slabs, hoops or billets,  $12\frac{1}{2}$  per cent. *ad valorem* ; in bars, rolled or hammered, including flats, rounds and squares, band and hoop, sheet, smoothed or polished, coated or galvanized, and common or black, boiler and other plate, Canada plates or squares, nail and spike rods, and all other iron not otherwise herein provided for,  $17\frac{1}{2}$  per cent. *ad valorem* ; on rolled round wire rods in coil, under half-inch in diameter, 10 per cent. *ad valorem* ; on iron rails or railway bars for railways or tramways, 15 per cent. *ad valorem* ; on railway fish plates, frogs, frog points, chairs and finger bars,  $17\frac{1}{2}$  per cent. *ad valorem* ; on iron and steel wire, not over No. 18 wire gauge, 25 per cent. *ad valorem* ; on tin plates, 10 per cent. *ad valorem* ; on cast-

ings in the rough, 20 per cent. *ad valorem*; on stoves and other finished castings, 25 per cent. *ad valorem*; on car wheels, 25 per cent. *ad valorem*; on mill irons and mill cranks, and on wrought forgings for mills and locomotives, or parts thereof, weighing 25 pounds or more, 20 per cent. *ad valorem*; on locomotive engines, and on stationary or other steam engines and boilers, and on other machinery composed of iron, or of which iron is the component part of chief value, 25 per cent. *ad valorem*; locomotive tyres of steel, or Bessemer in the rough, 10 per cent. *ad valorem*; seamless boiler tubing, drawn, 10 per cent. *ad valorem*; on bedsteads and other iron furniture, and ornamental iron work, 25 per cent. *ad valorem*; on hollow ware tinned, glazed or enamelled, of cast or wrought iron, 25 per cent. *ad valorem*; on hardware, viz.: builders', cabinet-makers', upholsterers', carriage-makers', saddlers' and undertakers', 30 per cent. *ad valorem*; bolts, nuts, washers and rivets, 30 per cent. *ad valorem*; tacks, brads and sprigs, 30 per cent. *ad valorem*; horse-shoes and horse-shoe nails, iron wire nails, called "Points de Paris," 30 per cent. *ad valorem*; iron and steel screws, commonly called "wood-screws," 35 per cent. *ad valorem*; scales, balances and weighing beams, 30 per cent. *ad valorem*; chain cables, over  $\frac{1}{2}$  inch in diameter, shackled or swivelled, or otherwise, 5 per cent. *ad valorem*; anchors, iron masts and wire rigging, when used for ships or other vessels, free; nails and spikes, cut,  $\frac{1}{2}$ c. per pound und 10 per cent. *ad valorem*; nails and spikes, wrought and pressed, whether galvanised or not,  $\frac{3}{4}$  of a cent per pound, and 10 per cent. *ad valorem*; composition nails and spikes and sheathing nails, 20 per cent. *ad valorem*; on sewing machines, whole, and on "heads," or parts of heads of sewing machines, \$2 each; and in addition thereto, 20 per cent. *ad valorem*; machinery for cotton and worsted mills, not made in the country, free; steel, in ingots, bars, coils, sheets and steel wire, 10 per cent. *ad valorem*; edged tools of all kinds, including axes, scythes and saws; carpenters', coopers', cabinet-makers', and all other mechanics' tools, shovels, spades, hoes, hay, manure, and potato forks,

rakes and rake teeth, and steel skates, 30 per cent. *ad valorem*; on cutlery, and on other manufacturers of steel, and of iron and steel, not otherwise herein provided for, 20 per cent. *ad valorem*; on knife blades, in the rough, or blades unhandled, and for use by makers of plated ware, 10 per cent. *ad valorem*; copper, old and scrap, and in ingots, pigs, plates, bars, rods, bolts, wire, and in sheets not planished or coated, and for sheathing, 10 per cent. *ad valorem*; seamless tubing, drawn, 10 per cent. *ad valorem*; rivets and burrs, 30 per cent. *ad valorem*; on all manufactures of copper, not otherwise herein provided for, 30 per cent. *ad valorem*; wire of brass or copper, 10 per cent. *ad valorem*; wire cloth, of brass or copper, 20 per cent. *ad valorem*; brass, old and scrap, and in bars, bolts and sheets, round or flat wire, seamless drawn tubing, and tubing plain and fancy, unfinished, 10 per cent. *ad valorem*; on manufactures of brass, not otherwise herein provided for, 30 per cent. *ad valorem*; church bells, free; yellow metal, in bolts, bars and for sheathing, free; phosphor-bronze, in blocks, bars, sheets and wire, 10 per cent. *ad valorem*; lead, old and scrap, in pigs, blocks, bars and sheets, 10 per cent. *ad valorem*; lead pipe, 20 per cent. *ad valorem*; lead shot, 20 per cent. *ad valorem*; all other manufactures of lead, not otherwise herein provided, 25 per cent. *ad valorem*; tin, in blocks, pigs and bars, and in plates and sheets, 10 per cent. *ad valorem*; on tinware and japanned ware, and on stamped ware, 25 per cent. *ad valorem*; zinc, in pigs, blocks and sheets, and on seamless-drawn tubing, 10 per cent. *ad valorem*; on manufactures of not elsewhere specified, 25 per cent. *ad valorem*; silver and gilt electro-plated ware, 30 per cent. *ad valorem*; German silver in sheets, 10 per cent. *ad valorem*; jewellery, watches, and manufactures of gold and silver, 20 per cent. *ad valorem*; Jewellery is considered, likesilk, a luxury, and had it not been for the circumstances affecting this article, it would have been a subject for increased taxation. It appears that, even at  $17\frac{1}{2}$  per cent., we only imported last year about \$240,000 worth, and the inducement is so great to smuggle, that the Government propose to leave these articles in the unenumerated list of 20 per cent.

We now come to wool and woollen goods. In this case, Mr. Chairman, we have so arranged our proposition for the consideration of this House, that the duty is to be imposed so as to encourage the manufacture of the coarser description of woollens and blankets in the Dominion. We have, at the present time, a large product of wool shut out practically of the American market, or sold there at a very low price on account of the high duty imposed. The Government felt if they could secure a ready and good home market for this important product, they were bound to do it, and they ask the House to sustain them in this proposition. Wool, unmanufactured, hair of the alpaca, goat and other like animals, and wool waste, free; on manufactures composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other like animals, viz.:—Shawls, blankets and flannels of every description; cloths, doeskins, cassimeres, tweeds, coatings, overcoatings, cloakings, felt cloth of every description, horse-collar cloth, yarn, knitting-yarn, fingering-yarn, worsted-yarn, under number 30, knitted goods, viz. shirts, drawers, and hosiery of every description,  $7\frac{1}{2}$ c. per pound, and, in addition thereto, 20 per cent. *ad valorem*; on clothing, ready-made, and wearing apparel of every description, composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other like animals, made up or manufactured, wholly or in part, by the tailor, seamstress or manufacturer, except knit goods, 10c. per pound, and, in addition thereto, 20 per cent. *ad valorem*; on all manufactures composed, wholly or in part, of wool, worsted, the hair of the alpaca, goat, or other like animals, not herein otherwise provided for, 20 per cent. *ad valorem*; on treble ingrain, three-ply and two-ply carpets, composed wholly of wool, 10c. per square yard, and, in addition thereto, 20 per cent. *ad valorem*; on two-ply and three-ply ingrain carpets, of which the warp is composed wholly of cotton, 5c. per square yard, and in addition thereto, 20 per cent. *ad valorem*; oil cloth for floors, stamped, painted or printed, 25 per cent. *ad valorem*; jute, unmanufactured, free, and jute balls, jute, manufactures of 20 per cent. *ad valorem*; flax, fibre, scutched, 1c. per pound; flax,

fibre, hacked, 2c. per pound; flax tow, scutched or green,  $\frac{1}{2}$ c. per pound. Bread-stuffs: viz., barley, 15c. per bushel; buckwheat, 10c. per bushel; Indian corn,  $7\frac{1}{2}$ c. per bushel; oats, 10c. per bushel; rye, 10c. per bushel; wheat, 15c. per bushel; peas, 10c. per bushel; beans, 15c. per bushel; buckwheat, meal and flour,  $\frac{1}{2}$ c. per pound; Indian meal, 40c. per barrel; oat meal,  $\frac{1}{2}$ c. per pound; rye flour, 50c. per barrel; wheat flour, 50c. per barrel; rice, 1c. per pound; rice and sago flour, 2c. per pound; barley malt, 2c. per pound; flax seed, 10c. per bushel. Dairy produce—Butter, 4c. per pound; cheese, 3c. per pound. It is proposed to impose 40c. per barrel on apples; they now pay 10 per cent. On cranberries, plums and quinces, 30c. per bushel; peaches, 40c. per bushel; cherries and currants, 1c. per quart; gooseberries, filberts, raspberries and strawberries, 2c. per quart; grapes, 1c. per pound; hops, 6c. per pound, instead of 5c.; honey, 3c. per pound. Meats—fresh or salted, on the actual weight as received in Canada, 1c. per pound. At present the duty is collected on 185 pounds to the barrel in the United States, which, when it reaches here, by the effect of the salting, weighs up to 200 pounds. The duty now, therefore, according to the old tariff weight, will be 1c. per pound; bacon and hams, 2c. per pound; meats not elsewhere specified, 2c. per pound. On lard, which is now charged at one cent, it is proposed to make the duty  $1\frac{1}{2}$ c. per pound; tried lard, 2c. instead of 1c.; trees, shrubs, 20 per cent; seeds for field and garden, 15 per cent. Seed in small paper parcels—there is a large quantity brought from the United States put up in small papers at vast labour, the paper for which we tax 20 per cent. and printing in same proportion—it is proposed to place them under a tariff of 25 per cent; potatoes, 10c. per bushel; tomatoes, 30c. per bushel. All other vegetables now 10 per cent., 20 per cent *ad valorem*. Manures, of all kinds, free.

We now come to the proposition in regard to spirits and wines. Spirits and strong waters not having been sweetened or mixed with any article, so that the degree of strength thereof cannot be ascertained by Sykes' hydrometer, and so on in proportion for any

greater or less strength than proof, and for every greater or less quantity than a gallon, viz:—Alcohol, rum, whiskey, Geneva gin and unenumerated articles of that kind, \$1.32½ per Imperial gallon, instead of \$1.20. Objection was taken to the proposition made by my hon. predecessor, to make the increase on brandy per gallon the same as on gin and whisky, it is now proposed that brandy shall be increased 25c., or \$1.45 per gallon; and that old Tom gin be charged \$1.32½ per gallon. I may here state that the proposition which the Government will submit with reference to the excise, is an increase of 10c. per gallon on excise spirits, leaving tobacco where it is at present, except the Canada twist, made from Canadian leaf, which will be reduced from 10c. to 4c. per pound. It was suggested to the Government that this might be met in another way, by imposing a small duty on the imported leaf, in addition to the excise duty; but in the United States they have reduced the excise duty on tobacco to 16c. If we propose to increase ours beyond 20c. it would encourage smuggling, and we would lose legitimate business and revenue. It was decided not to impose an additional duty upon the imported tobacco leaf, but to meet it in this way, reducing the tobacco manufacture from the leaf of our own growth to 4c. per pound. A resolution will be submitted to reduce the duty on malt from 2c. to 1c. per pound. It is estimated that the increased 10c. a gallon on spirits will give over and above what we lose on malt, \$100,000 additional excise duty. The Government considered that it would be wise to encourage, if stimulants are to be used at all, the use of malt liquors in preference to spirits. Spirits and strong waters sweetened or mixed, so that the degree of strength cannot be ascertained, namely, rum, shrub, cordials, &c., \$1.90 per gallon. Spirits or strong waters, imported in Canada, mixed with any ingredients, although coming under the denomination of proprietary medicines, tinctures, essences, extracts, or any other denomination, are, nevertheless, deemed spirits and strong waters, and subject to duty as such, of \$1.90 per gallon; cologne water and perfumed spirits, in bottles or flasks, not weighing over

four ounces each, 40 per cent. Wines and fermented liquors. I may state, at this stage of the proceedings, the reasons that have influenced the Government to submit the proposed scale of duty on wines. One of the proposals, submitted to the Government of France, through Sir A. T. Galt, was that we would place a duty on French wines, at the same rate precisely as that charged in England, namely, 25c. per gallon, or 1s. sterling. These negotiations, though not closed, we may hope, at no distant day, will be successfully arranged. There has been a difficulty between Spain and England with reference to rates of duties imposed by Great Britain on wines. The proposition I am now about to make will, if we arrange with Spain and France, meet the circumstances of the case by the withdrawal of the 30 per cent. *ad valorem* duty imposed, leaving it 25c. per gallon, 26 degrees of proof, and increased in proportion to strength, the same as in England. On champagne, the Government ask the House to impose an additional duty. The duty, as it now stands, is lower than that exacted on many of the necessaries of life, and lower than that imposed on the cheaper kinds of wines; and, in order to equalise the rate of duty collected on wines, there is no reason why champagne or sparkling wines should be exempted from a fair contribution to the revenue of the Dominion. Champagne and all sparkling wines in bottles containing each not more than a quart, \$3 per dozen bottles; on bottles containing not more than one pint, \$1.50 per dozen; containing a half pint each or less, 75c. per dozen, and to it is added a duty of 30 per cent. *ad valorem*. Bottles containing over a quart each, will be charged in addition, \$3 per dozen. Liquors imported under the name of wine, containing more than 40 per cent. strength of proof by Sykes' hydrometer shall be rated for duty, as non-enumerated spirits. Wines of all kinds, except sparkling wines, including ginger, orange, lemon, strawberry, raspberry, elder, and currant wines, containing 26 per cent. or less of spirits of the strength of proof by Sykes' hydrometer, imported in wood or in bottles, six quart and twelve pint bottles to be held to contain an Imperial gallon, 25c. per Imperial

gallon, and 30 per cent. *ad valorem*. When containing over 26 per cent. and not over 31 per cent. 40c. per Imperial gallon; when containing over 31 and not over 36 per cent., 55c. per Imperial gallon; when containing over 36 and not over 40 per cent., 70c. per Imperial gallon, and in addition to the above specific duty, 30 per cent. *ad valorem*. Malt liquors, when imported in bottles, six quarts and twelve pint bottles to constitute an Imperial gallon, will be charged 18c. per gallon. When imported in casks or otherwise than in bottles, 10c. per Imperial gallon. Oils, lard, 20 per cent. *ad valorem*; linseed or flaxseed, 25 per cent.; neatsfoot, 20 per cent.; tallow, per pound, one cent.

### After Recess.

MR. TILLEY resumed his remarks, saying: At six o'clock I was proceeding to explain the propositions which the Government propose to submit to the consideration of the House. I take up the subject where I left off. The next articles are gunpowder and other explosives, gun, rifle and sporting powder in kegs, half or quarter kegs and small packages, 5c. per pound; on cannon and musket powder, in kegs and barrels, 4c.; on canister powder in pound and half-pound packages and tins, 15c.; blasting powder, 3c.; on giant powder, dynamite and other explosives, with nitro-glycerine as a constituent, 5c. per pound, and, in addition 20 per cent. *ad valorem*; nitro-glycerine 10c. per lb., and 20 per cent. *ad valorem*; salt, except imported from the United Kingdom or any British possession, or for the use of the sea and gulf fisheries, which shall be free in bulk, 8c. per 100 pounds; on barrels, bags and other packages, 12c. per 100 pounds; chemicals, medicines, paints and oils, 20 per cent.; acid, sulphuric, 1c. as at present; acetic, per Imperial gallon, 12 cents; muriatic and nitric, *ad valorem*, 20 per cent.; oxalic, free; saltpetre, 20 per cent. *ad valorem*; essential oils for manufacturing, 20 per cent.; essences of apple, pear, pineapple, raspberry, strawberry, vanilla, and other fruits, \$1.80 per gallon, and *ad valorem* of 20 per cent. This is to cover the spirit duty. Coal tar and coal pitch, 10 per cent. *ad valorem*; varnish, bright and black, for shipbuilders' use, free; all other not

elsewhere specified, 20 cents per Imperial gallon, and 20 per cent. *ad valorem*. Colours—bichromate of potash, blue, black, scarlet, and marone, pulp, Paris green, Prussian blue, satin and fine-washed white, ultramarine and umber raw, free; added to this class, that were formerly dutiable, are Prussian blue, and one or two other colours; paints not elsewhere specified, 20 per cent. *ad valorem*; putty, 25 per cent.; ochres, dry or unground, washed or unwashed, not calcined, 10 per cent.; spirits of turpentine, 20 per cent. *ad valorem*. Coal oils and their products remain as they are; cod liver, medicated, 20 per cent. *ad valorem*; sperm oil, 20 per cent.; neatsfoot, olive or salad, sesame seed, 20 per cent. *ad valorem*; sulphate of quinine, 20 per cent. *ad valorem*; opium crude, 20 per cent. *ad valorem*; prepared for smoking, and all preparations of, \$5 per pound, the cost being about \$11. The representatives of British Columbia will be interested in this duty. Perfumery, including preparations for the toilet, hair oils, powder, pomatum, and other perfumery preparations for the hair, mouth or skin, 30 per cent.; pomades, French or flower odours, preserved in fat oil for conserving the odours of flowers which do not bear the heat of distillation, imported in tins of not less than 10 pounds each, *ad valorem*, 15 per cent.; medicines, or any medicinal preparations of which the recipe is kept a secret, or the ingredients a secret, recommended by a bill or label, for the relief or cure of any disorder, in liquid form 50 per cent.; and all others, 25 per cent., as at present. These medicines are at present often the cover for spirits, introduced under their name—(the duty was formerly 25 per cent.); artificial flowers, 30 per cent. *ad valorem*; feathers, ostrich and vulture, undressed, 15 per cent.; dressed, 25 per cent.; furs, hatters', not in the skin, free; skins of all kinds, not dressed, free; dressed, 15 per cent. *ad valorem*; furs, viz., caps, hats, muffs, tippets, capes, coats, as manufactured in cloaks, &c., 25 per cent.; candles, tallow, 2c. per pound; paraffine, wax, 4 cents; all others, *ad valorem*, 20 per cent.; India rubber and gutta percha, unmanufactured, free; boots, shoes and other manufactures of India rubber and gutta percha,

25 per cent. *ad valorem*; soap, common, brown, not perfumed, per pound, 1 cent; yellow, castile, and white, perfumed or toilet, 25 per cent. *ad valorem*; starch, including farina corn starch or flour, and all preparations of, 2 c. per pound, as at present; cordage for ships, 10 per cent.; for all other purposes, 20 per cent. I may here state, that, at the opening of my remarks, I referred to a proposition of the Government to treat all articles manufactured in the Dominion, and exported from it, in this way: there shall be a drawback on the materials used in manufactures, equal to the duty paid, on the evidence of their exportation. The proposition is to treat new vessels of every description as an export, duty paid on cordage to be the exception. For, if we allow a drawback on it, we shall close up the establishments maintained now by the supply for ships. It is proposed to increase the duty on cordage to 10 per cent., which duty ships would have to pay; but iron in pig, bolts and blooms, on paying duty and being used in vessels, would have the duty paid back. So, practically, ships will be regarded like all other articles exported, all duties being returned to the builder.

AN HON. MEMBER: What size of ships?

MR. TILLEY: All sizes and descriptions. This extends to all parts of the Dominion. We propose 10 per cent. duty on all foreign vessels seeking registration in the Dominion.

As regards the proposed duty on sugar and molasses, if I occupy the attention of the House for a few moments, I am sure you will pardon me, for it is one of the most difficult questions with which any Government can possibly have to deal. We know there has been great dissatisfaction in the United States as to the mode of levying the duty there; it has been purely specific, levied upon Dutch standard, two dollars and five cents for all below number seven, till it reaches a duty of five cents per pound specific. Dissatisfaction arising from that system has been apparent in that country. Notwithstanding that, several commissions have been appointed to treat this question, and that Mr. Wells, one of the ablest men in the United States, has been asked by the

sugar refiners and importers to report on it, and that a very able and elaborate report was submitted; notwithstanding that a proposition has been recently before Congress with reference to this question, no change in the mode of levying the duty has been made. There seems no probability of their arriving at any other conclusion than a specific duty. I will say, for the information of hon. members who may not have studied this question, that the rate of duty imposed in the United States is under the Dutch standard. From No. 7 down they pay the lowest duty. It has been found the very best,—almost pure sugar, amounting to 96 per cent., or even above that, had been admitted at a low rate of duty. Under these circumstances the refiner would receive a drawback of three dollars per 100 lbs. on which he had paid but \$2.15. This principle of specific duty is found to work injuriously in many respects, but still Congress has not repealed or changed it. There have been very strong arguments used in that country in favour of *ad valorem* duty, and in the Dominion as well. I do not hesitate to say that many of the arguments are most cogent in many respects. Mr. Wells takes the line that the *ad valorem* principle is the proper one. I may say that, after investigating this matter, if you adopt the *ad valorem* duty at all, it can best be done in the manner which we propose to do it in this case. There is a mode in which you can test certain classes of sugar by means of an instrument, the polariscope. It is used satisfactorily for the purpose of testing all the classes of sugar below number 9, or in fact below number 13, especially the low class of sugar, but fails when applied to the yellow refined sugars largely mixed with glucose. Gentlemen who were interested in the importing of that class of sugar were in favour of *ad valorem* duties. I might say if they applied *ad valorem* duties solely they would find that the West India sugar of a bright good character, would be met by this yellow refined adulterated article, in appearance better than the West India sugars. Under these circumstances, seeing the difficulty on both sides,—the difficulty in imposing a specific duty, and the difficulty in applying the *ad valorem* principle, the lat-

ter having, I admit, some advantages,—still, feeling that that article came in and competed successfully with our importation of good grocer's sugar, the Government have fallen back on the proposition submitted in 1868, viz: a mixed duty, specific and *ad valorem*, there has been naturally a difference of opinion between the importers of sugar and refiners, in reference to the point at which additional duty should take place. At the present time the higher rate of duty took place at or above No. 13. The refiners were anxious to continue it at No. 13, whilst the importers desired it at a little higher. We have made a compromise and put it at No. 14. On all sugar above No. 14, Dutch standard in colour, 1c. per pound, and 35 per cent. *ad valorem*. That covered all refined sugar. On sugar equal to No. 9, and not below No. 14, three-quarters of a cent. per pound, and 30 per cent. *ad valorem*. I call attention to the fact that the difference to the refiners is 5 per cent., that all below No. 14 have an *ad valorem* duty of 30 per cent., and all above No. 14 an *ad valorem* duty of 35 per cent., giving to the refiners 5 per cent. On sugar below No. 9, half a cent. per pound, and 30 per cent *ad valorem*, provided that the *ad valorem* duty shall be levied and collected on sugar and melado, when imported direct from the country of growth and production, upon the fair market value thereof, at the place of purchase, without any addition for the cost of hogsheads, or other packages or charges, not including export duty, and expenses prior to shipment; anything contained in section 34 of the Act 40th Vic., chap. 10, to the contrary notwithstanding. It means this, that all sugar imported direct from the West Indies to the Dominion shall pay no duty upon packages and ordinary charges. We have added five per cent. to the present duty of 25 per cent. Sugar, not imported direct, will pay a duty on the packages, giving additional encouragement to our direct West India trade. Syrups, cane juice, refined syrup, sugar-house syrup, syrup of sugar, syrup of molasses or sorghum, five-eighths of 1c. per pound *ad valorem*. Melado, concentrated melado, concentrated cane juice, concentrated molasses, concentrated beet-

root juice, and concrete, three-eighths of 1c. per pound, and 30 per cent. *ad valorem*. It is estimated, taking the sugar that was imported last year, as shown in the returns made, that this altering of the duties will yield \$200,000 less than under the existing tariff, through having the duty on packages remitted. Molasses, if used for refining, clarifying or rectifying purposes, or for the manufacture of sugar, when imported direct from the country of growth and production, 25 per cent. *ad valorem*. Molasses for the same purposes, when not imported direct from the country of growth and production, 30 per cent. This is to encourage the importation of molasses direct. I cannot see why there was such an extraordinary discrepancy in the value of molasses imported into the different Provinces, in 1878. It was, perhaps, owing, to some extent, to the fact that the very blackest and most inferior description of molasses, the refuse was sent into this country by New York and Boston refiners, and it is to prevent, as much as possible, the importation of such molasses that a distinction is made. Molasses, if not so used when imported direct from the country of growth and production, 15 per cent. The same, when not imported direct from the country of growth and production, 20 per cent. This will be a loss to the revenue of something like \$90,000 or \$100,000; but we will be able to make that up, and more, from additional taxation imposed on other articles. Sugar candy, brown or white, and confectionery, 1c. per pound, and 35 per cent. *ad valorem*. Glucose, or grape sugar, to be classed and rated for duty as sugar, according to grade, by Dutch standard, in colour. Glucose syrup 35 per cent. *ad valorem*.

We now come, Mr. Chairman, to the article of tea. The House will probably be prepared, from the statements I made in the early part of the day, to hear that the Government propose to ask Parliament to reimpose a duty of 10 per cent. on tea coming from the United States. I may be pardoned for saying that I think it was a great mistake on the part of my predecessor in standing so firmly and refusing to re-impose this additional duty on tea, and I believe that this House is prepared for a

reversal of that decision. It is our intention to ask Parliament to re-impose a specific and *ad valorem* duty, instead of the 5c. per pound now collected. A specific duty of 2c. per pound on black, and 3c. on green and Japan, and 10 per cent. *ad valorem*. The result of our policy in that direction will be to decrease, to some extent, the revenue, say \$100,000, as the cost of the tea, when imported direct, is less than if bought in New York. Coffee, green, 2c. per pound; roasted or ground, and all imitations of and substitutes for, 3c. per pound. Cocoa paste and chocolate, not sweetened, 20 per cent. *ad valorem*; cocoa paste, chocolate, and other preparations of cocoa, when containing sugar, 1c. per pound and 25 per cent *ad valorem*.

Now, Mr. Chairman, I have not taken up every article on which we propose to change the rate of duty, and, in order that the House and the country may not be led astray, I shall read the free list, because, unless I do so, it may be supposed that all the articles that I have not mentioned are in the free list. Animals for the improvement of stock; ancrer; antimony; ashes, pot, pearl and soda; apparel, wearing and other apparel, or household effects, not merchandise; arsenic; articles for the use of the Governor-General, foreign consuls, army and navy, army clothing, musical instruments, military stores, etc.; bamboo reeds, no further manufactured than cut into suitable lengths for walking-sticks; canes, in sticks for umbrellas, parasols and sunshades; bamboo, unmanufactured; barrels for Canadian manufactures, exported and filled with domestic petroleum and returned; bells for churches, bismuth, bone dust, bone ash for the manufacture of manure, bromide, bullion, gold and silver; bichromate of potash, carriages laden with merchandise, cabinets of coins and models, cauvas for the manufacture of floorcloth, gutta percha, cat-gut strings for musical instruments, citrons and rinds for candy; clothing, being donations for charitable purposes; coins, gold and silver, except United States silver coin; communion plate, cotton waste and cotton wool; diamonds unset, including black diamonds; dyeing or tinting articles in a crude state; earths, grass and pulp for the manufacture of paper, vegetable fibre for manufacturing purposes, fish-

bait, fish-hooks, lines, fishing tackle, ginsing root, gold beaters' moulds, grease and grease scraps, for manufacturing purposes; gravels, guano and other animal or vegetable manures, gums, gum arabic, hemlock bark, hemp undressed, hides raw, horse hair, india rubber, indigo, isinglass, glue, ivory, iron masts for ships or barges, iron cables and chains over one-half inch in length, shackled or unshackled; jute, liquorice, roots, lemons and rinds of lemons for candying; logs round, and unmanufactured timber not otherwise provided for; lumber, plank and boards sawn, or box wood, pitch pine; Spanish cedar, oak, hickory and white wood not shaped, planed or otherwise manufactured; locomotives, passengers' baggage passing from one country into another, manilla grass, mica, mineral specimens, models of invention and other improvements in the arts; Iceland moss, horses, cattle, carriages, harness, under regulations to be provided by the Minister of Customs; machinery for worsted and cotton mills of kinds that are not manufactured in Canada. (There is an exception made in this case, because we have no cotton machinery in the country, and not likely to have; therefore, in order to encourage this industry, it is proposed to make them free.) Nitrate of soda, nut galls, newspapers, cocoa-nut oil, palm oil, palm-leaf oil, carbolic oils, used in the manufacture of wooden pavement; wood for building and railroad purposes, oxalic acid, mother of pearl unmanufactured, philosophical instruments and apparatus, including globes, when imported for the use of colleges, schools, scientific and literary societies; phosphorus, pitch pine, plaster of Paris, pumice and pumice stone, precipitate of copper, rags of cotton, paper waste, and waste of any kind for the manufacture of paper; rosin, rhubarb root, saffron and saffron flower, skins undressed, silicate of soda, sulphur in roll and flour, tampico, tanner's bark, tobacco unmanufactured, for excise purposes, under conditions of Act 31 Vict. chap 31; tortoise and other shells, turpentine, traveller's baggage under regulations, blue vitriol, verdigris, vegetable fibres, whiting, whalebone unmanufactured, whale oil in cask in the condition in which it was first landed; wool. I have not touched upon all the

changes we propose to make, and they will be carefully read, no doubt, from the Chair, but I have dealt with the larger and more important ones.

It appears to me, Mr. Chairman, and I think the House will agree with me, that the Government have endeavoured, whether successfully or not — to carry out the policy that we were pledged to inaugurate. We have endeavoured to meet every possible interest — the mining, the manufacturing, and the agricultural interests. We have endeavoured to assist our shipping and ship-building interest, which is in a very depressed condition. We have endeavoured not to injure the lumber interest, because they now have a very important article used by their people at about the same rate of duty they had it before—I refer to pork. They have tea at a cheaper price than before; they have molasses cheaper. These articles enter largely into consumption with them. They have, as have every other class of exporters in the Dominion, many advantages under the propositions that we are about to submit that they did not enjoy before. In the interest of lumbermen and of commerce generally, the present Government, as well as our predecessors, have expended large sums of money for the improvement of the navigation of our rivers and of our coast, by the erection of lighthouses, and in their maintenance. This, of course, is an advantage to the shipping interests as well. A proposition is also to be submitted to the House, which you will find in the Estimates, to extend a telegraph down the St. Lawrence. This proposition was submitted to the people of the Dominion by an able and experienced gentleman, a member of this House. I need not name him, because the interest he has taken is well known. This proposition is in the interest of commerce, and of our shipping, and of humanity. It is in the interest of every industry that exports any article from this country to the old world, because an expenditure of this kind will reduce the rate of charges in the shape of insurance and other charges on the shipping, and that is more absolutely in the interest of the exporter than in the interest of the owner of the ship. But while we have been looking around

to see what new modes of taxation might be used in raising additional revenue — and you will observe, Sir, that, by these propositions, we are resorting to no new mode of taxation—it was suggested that the shipping interest might fairly contribute towards the maintenance of the lights. In olden times they did contribute. In some of the Provinces, before the Union, we obtained a sufficient amount from the shipping to maintain these lights, and the hospitals for sick and disabled seamen; but we thought it desirable to give the owners of shipping and the exporters, and, indeed, the importers, and the commerce of the country, the advantage of free lights. In our policy, as just propounded, we have dealt with the agricultural interest, the mining interest, the shipping interest, indirectly with the lumbering interest, and with very many interests, without touching heavily at all upon any other interest; and it does appear to me, Sir, that we have now arrived at the time when it becomes necessary for this country, for this Parliament to decide whether we are to remain in the position we now occupy, with a certainty that, within two years, with the existing laws upon our statute-book, almost every manufacturing industry in the country will be closed up, and the money invested in it lost. The time has arrived, I think, when it becomes our duty to decide whether the thousands of men throughout the length and breadth of this country who are unemployed, shall seek employment in another country, or shall find it in this Dominion; the time has arrived when we are to decide whether we will be simply hewers of wood and drawers of water; whether we will be simply agriculturists raising wheat, and lumbermen producing more lumber than we can use, or Great Britain and the United States will take from us at remunerative prices; whether we will confine our attention to the fisheries and certain other small industries, and cease to be what we have been, and not rise to be what I believe we are destined to be under wise and judicious legislation,—or whether we will inaugurate a policy that will, by its provisions, say to the industries of the country, we will give you sufficient protection; we will give you a market for

what you can produce; we will say that, while our neighbours build up a Chinese wall, we will impose a reasonable duty on their products coming into this country; at all events, we will maintain for our agricultural and other productions, largely, the market of our own Dominion. The time has certainly arrived when we must consider whether we will allow matters to remain as they are, with the result of being an unimportant and uninteresting portion of Her Majesty's Dominions, or will rise to the position, which, I believe Providence has destined us to occupy, by means which, I believe, though I may be over sanguine, which my colleagues believe, though they may be over sanguine, which the country believes are calculated to bring prosperity and happiness to the people, to give employment to the thousands who are unemployed, and to make this a great and prosperous country, as we all desire and hope it will be.

MR. MACKENZIE: Will the hon. gentleman give us an estimate of the revenue of the coming year? We have heard nothing of that.

MR. TILLEY: I am very much obliged to my hon. friend. I was not aware that I had passed it over. I have here a comparative statement, which I will read:—

ORIGINAL ESTIMATE, 1878-79.	1878-79.	1879-80.
Canals and minor Public Works.....	445,000	450,000
Railways.....	1,484,000	1,500,000
Post Office.....	1,200,000	1,200,000
Bill Stamps.....	190,000	200,000
Interest on Investments.....	670,000	700,000
Miscellaneous.....	600,000	600,000
Excise (1878-80). ....	4,614,000	
<i>Car'd. forward</i>	4,614,000	4,650,000

ORIGINAL ESTIMATE, 1878-79.	1878-79.	1879-80.
<i>Bro't. forward.</i>	\$ 4,614,000	\$ 4,650,000
Excise Revenue of this year collected in 1878-9	358,000	
		4,972,000
Excise (1878-79).....	5,213,400	
Less Excise of 1879-80 at old rates collected this year..	322,000	
		4,891,400
Customs (1879-80).....	14,000,000	
Customs Revenue of this year collected in 1878-79....	500,000	
		14,500,000
Customs (1878-79).....	12,640,000	
Less Customs of 1879-80 collected this year .....	500,000	
		12,140,000
		21,620,400
		24,122,000

MR. MACKENZIE: What I desired was rather an estimate of the products expected under the proposed fiscal changes.

MR. TILLEY: I thought that would be better explained as we came to the items. I may state, however, that we estimate an increase from the operation of this new tariff of \$2,200,000. The Government have been exceedingly anxious, heavy as the imposition of some of the taxes are, that in the future we shall have no deficits. The credit of the country requires, and we believe the country will justify us in collecting such a revenue as will meet the requirements of the country.

## ADDENDUM.

HOUSE OF COMMONS, MARCH 26TH, 1879.

MR. TILLEY: When submitting, for the consideration of this House, the propositions of the Government relative to the proposed changes in the tariff, I felt the question was one of such magnitude and importance, that I might justly be pardoned if I did not occupy the attention of the House, on that occasion, with references that had been made by my predecessor affecting the policy of the Government of which I had the honour of being Finance Minister up to 1873. I did make some reference to remarks that had been made by that hon. gentleman in speeches at St. John and elsewhere, and I made them, Sir, I think, in a parliamentary spirit, as I trust I will ever make my remarks to this House, or any other assembly of the kind. I felt I had made them in a manner such as would produce a response from the hon. gentleman in a corresponding spirit. I regret that the hon. member did not meet me exactly in that spirit, and if, in the course of the remarks I make this evening, though they will be perfectly parliamentary, still, if I should be a little more pointed in my remarks, and a little more energetic in the way I address myself to him, I trust the House will pardon me. In the first place, I have but little to say to the hon. gentleman after what was said by my colleague the hon. member for Cumberland. I think that many of the fallacious statements, that many of the statements that are not borne out by the public records of the House of Commons, were answered promptly, fully and satisfactory by my hon. friend. But still, Sir, there is a matter that does not appear to be quite settled, and which I would like to have settled. It is, Mr. Speaker, whether the statement I submitted, in 1873, in reference to the expenditure and income of 1873-74, whether the propositions I made were of the outrageous and unjustifiable nature that had been stated by the hon. gentleman. If we take his statement as

reliable in every respect, I have committed a grave offence; I have made propositions, as far as expenditure was concerned, far in excess of any reasonable expectation. But I think, Sir, I will be able to show that, had the Government, of which I had the honour of being a member at that time, remained in power, I think I shall be able to show, from the public records, and from the statements he and his colleagues have submitted to the House of Commons, that, with the tariff in existence in 1872, without any increase, it would have been sufficient to meet the expenditure.

MR. CARTWRIGHT: No.

MR. TILLEY: Well, let us come to the law and the testimony. I find, Mr. Speaker, that the revenue received for 1873-74 was \$24,205,092. There was a good deal of discussion in 1874, between my hon. friend the member for Cumberland, and the then Finance Minister, as to the amount collected in that year, and that properly belonged to it, or rather collected in that year, and properly belonging to the year following. I want to call the attention of this House to the statement made by my predecessor the other night. What was it? He said that the members of the Government and Finance Minister had not kept their counsel, as he said they ought to have kept it, the public were made aware of the intentions of the Government, and the result was that, within one month, the total amount collected in February, 1874, was but half the amount collected in February, 1879. I want that to be borne in mind. I estimated that \$850,000 of the receipts of this year belonged properly to the next year. The extra revenue of this year is, according to his own statement, double what it was in 1873-74. If that be the case, and my estimate is correct, there could not have been \$1,000,000 of the revenue of 1873-74 properly credited to 1874-75.

MR. CARTWRIGHT: The hon. gentleman has quoted me incorrectly, and, if he will allow me, I will tell him what

I did say. I made no reference to February, 1874. The reference I made was to the first twenty days of April, 1874, which is quite a different thing.

MR. TILLEY: Well, I am very much obliged to the hon. gentleman for correcting me. Taking his proposition as from the 14th April, 1874, it gave only \$1,000,000 in excess, while he stated in February, of this year, it was \$2,000,000, instead of \$1,000,000. Now, suppose, for the sake of argument, that the receipts in April, 1874, were \$2,000,000, I have estimated that the statement I have submitted here that \$350,000 Excise, and \$500,000 Customs, both properly and fairly belong to next year. I also stated that, probably, we would have collected, before the fiscal year is closed, \$150,000, as extra duties resulting from change in tariff. That will make \$1,000,000. Suppose we receive no more this year than we did in 1874? If they received \$1,000,000 in excess of what belonged to revenue, it would have left \$23,205,092 as the receipts for that year.

MR. CARTWRIGHT: No; decidedly not.

MR. TILLEY: My case does not depend solely upon this point. I know it is but an estimate, and may vary to the extent of \$200,000, \$300,000, or \$400,000. But I have sufficient to make out a case, even if that should be granted. The expenditure for that year was \$23,316,316, as shown by the Public Accounts. If the late Government received, at that time, only half what we have raised at present, or suppose they received as much as we have received at the present time, belonging to next year, then you have the sum of \$23,205,092, against an expenditure of \$23,316,316. But suppose our calculations are not correct, what should properly be deducted from that expenditure, in order to show whether the statement I made was correct or not? It is well known our estimates of income were always under the mark from 1869 to 1873. There was not, during one of those years, a time when the estimate of income was not far below what was received, and our estimate of expenditure greatly in excess of our actual expenditure. In order to show the unfairness of the statement of the hon. member, he speaks of the ex-

penditure of \$300,000 or \$400,000 added to the expenditure of Prince Edward Island; but he, in no way, referred to the revenue derived from the Island. Let us go a little further, in order, Sir, to swell the expenditure of that year to the largest possible amount, and to justify the Government in placing in His Excellency's speech the statement that it was necessary, in order to make up the deficiency of that year, that increased taxation should then be imposed—in order to place the Government that had preceded them in the position of being responsible for the increased charges, items were placed under the head of expenditure that ought never to have been placed there at all. This matter has been discussed over and over again, and, when his hon. friend the member for Cumberland was speaking the other night, I could not help feeling it was a great privilege for hon. members to wear their hats in the House, and he could not help thinking the late Finance Minister would have been very glad if the rim of his hat had been broader than it was when his hon. friend was bringing the matter home to him. My hon. friend from Cumberland said the late Finance Minister had charged \$546,000 to income that should have been charged to the construction of the Intercolonial Railroad. And my hon. colleague said he had indisputable evidence that it was pointed out to the Finance Minister, by one of his officials, that the charge was improperly entered. The leader of the Opposition afterwards took exception to the matter; but I happen to have before me what will settle the question. I hold in my hand a return laid before Parliament, through the Minister of Public Works, a statement of the number of miles of the Intercolonial Railway in operation on the 1st July, 1873, 1874, 1875, 1876 and 1877, also showing the cost of operating the same, signed by Mr. Brydges, and laid on the table of the House, in accordance with the request of some hon. member. I find the expenditure for working the railway for 1873-4 is \$1,301,550. In the Public Accounts it stands \$1,847,178. Now, I ask, Mr. Speaker, whether there can be anything more decisive, or more definite, than that statement, showing that \$546,000 has been charged as expenditure

against income that ought to have been charged against the construction of that road? Now, I think, that is unanswerable. There is an official document, signed by Mr. Brydges, and laid on the table of the House by the late leader of the Government. Now, Sir, I hold that that item should never have been entered under that head of expenditure, and I hold, therefore, that it should never have been charged against our Government. It ought not to have been charged in that account, as against revenue, but as against capital. There seemed, as I stated before, a great anxiety on the part of hon. gentlemen, to swell the expenditure of that year. I find charged to management \$60,000, or thereabouts, commission on the loan I negotiated in 1873. This item had never appeared before, and had never appeared since, under that head. Then there was \$41,000, the sinking fund paid in July, 1873; that I did not take into account, because it was due the previous year, 1872. I could not have foreseen when I made my statement, that gentlemen opposite were coming into power, and that they were going to dissolve the House, and that they were to have a Session in the autumn. I could not, therefore, be expected to make provision in the Estimates for expenditures for legislation, except what we were cognisant of. I find \$200,000 added to legislative expenses as the result of the autumn Session and the election afterwards.

MR. MACKENZIE: It was not us that called that Session.

MR. TILLEY: But I am speaking now in justification of my estimates submitted. It was not possible for me, at to the time, to foresee that that Session was to be called, that hon. gentlemen would dissolve the House and go to the country. Then we find refunded duties charged against us of \$69,000 that ought not to have been paid, and would not have been paid had we remained in power. These items amounted, together, to \$916,000, and were to be deducted. This would reduce the expenditure to \$22,400,316. Now, he came to another question, that of the loan. His predecessor, in reference to that loan, the four per cents unguaranteed, produced but £86, and he made a calculation, if I recollect right, that guaranteed debentures of four per cents were

104 $\frac{1}{2}$ . When I first floated the guaranteed loan of £1,800,000, I could not see why the guaranteed loan should not bring in proportion as much as consols. But in discussing this matter with public men, they said that no guaranteed loan that had ever been given by Great Britain, for any country, has ever produced anything like the same returns as any ordinary Government loan. When I was in London, in November, I found, to my amazement, that these bonds, four per cent. guaranteed, were bringing a much lower price than they had ever been quoted before. I asked Sir John Rose, the agents and other gentlemen, how it was that these guaranteed loans were at present quoted and sold so low—one gentleman telling me he had been glad to take three per cent. premium for them, with almost five weeks' interest that had accrued. What was the answer? It was one that required some explanation. It was: Oh, they are floaters. I said, what are floaters? He said they are termed floaters because, when interest is low, worth say two per cent., the guaranteed securities of this and other countries are bought by money brokers and men with limited means, because these securities bear four per cent. They lodge them with the Bank of England and other banks, and get the money at two per cent. The result is, that while money is very cheap there is a demand for them for that particular purpose; but at that time, after the failure of the Glasgow Bank, and when rumours were afloat of other failures of banks in the west of England and elsewhere, when every bank in the city was fortifying its position and using every pound available for the purpose of strengthening their reserves, the rate of interest had gone up, and the banks were demanding the money they had advanced on these floaters, and consequently they were forced into the market to be realised on, and these circumstances brought the price down, and placed them in the position in which they were when I was compelled to make that loan; a state of things entirely different from that of the June previous, when these securities were at the highest point, and when it would have been wise for the Finance Minister of the day to take advantage of the position. The hon. gentleman said, the other night, that he

had lost his election because he was looking after the interests of his own party. It appears to me, and this opinion is entertained also by the country, that if he had been floating a loan at that time instead of looking after the interests of the party, he would have realised much more than I was able to realise under the circumstances referred to. Sir, it was because these guaranteed securities were then at that figure that I was unable to realise a higher rate, and I may say it was remarkable, considering that I was endeavouring to make good what ought to have been done by my predecessors under more favourable circumstances, that party feeling and party prejudices allowed them to go so far when they ought to have been anxious that I should have the greatest success, inasmuch as they were deeply interested in the result; but their policy and their conduct was censurable, and I met with opposition when I ought to have had their support, as I was placed in that position by them, not by my own choice. The late Minister of Finance says the unguaranteed 4 per cents. brought only 86 pounds on the hundred. They brought, taking into account the value of the guaranteed securities, about 90½; that is what they realised. I have in my hand a letter from Barings and Glynn, stating that there never was a time when previous Dominion loans were placed on the market so unfavourable as then. They were put up to competition, at all events they were offered to the highest bidder. The hon. gentleman asked me, the other day, if I knew how much had been taken by the agents, and how much by the Bank of Montreal. I said I did not know, except in conversation with the directors and the Manager of the Bank of Montreal how much they had taken, or whether the agents had taken any at all or not. He said I ought to have known. It is remarkable the hon. member this Session asked for information that he refused to give when he was in the Government.

MR. CARTWRIGHT: I have, on all occasions, stated exactly what the agents had done. What I refused to give, because I had not the information, were the names of the other parties, not the agents, who had subscribed to the loan.

MR. TILLEY: On the day on which

the tenders were submitted, I saw four schedules brought in, numbering from one down to eighty. I do not suppose, if I had examined them, I would have known if the Bank of Montreal had tendered, had the manager not told me that they were going to tender, as their tenders were probably made through a broker. The hon. gentleman said he knew if I had named the price and had £3,000,000 offered, and I had £5,000,000 tendered, and I had to sit down and decide who should receive the £3,000,000, I would perhaps know too. That was not necessary. All that I required to know was that the amount was taken above the minimum given in the prospectus. The hon. gentleman opposite was somewhat severe on me because I took a step which I believe nineteen-twentieths of the people of this country will justify, and that step was with reference to the payments of the revenues received by the Collectors of Customs and Inland Revenue into the banks upon which the cheques for those duties were drawn. I do not recollect, at this moment, that a bank manager approached me on this subject, but members of the House came and pointed out the difficulty. I do not wish to say anything that would affect the position of the banks; on the contrary, I believe the suspicion with reference to their standing was without cause. From the observation that I had given to the matter, the banks, as a whole, are sound, but there was an anxiety with reference to the deposits, and men everywhere, owing to various causes, were withdrawing from the banks their deposits, much to the injury of the business of the country. When these gentlemen said to me duties amounting to \$3,000,000 or \$4,000,000—the amount was \$4,700,000,—will be paid in during the next three weeks, and if these cheques for this money go to the Bank of Montreal, and that Bank should demand from the others specie for them, you will add to the commercial embarrassment and greatly injure the business community. In accordance with these representations, I afforded facilities for persons transacting business throughout the Dominion, not to give encouragement to take goods out of bond, because it was known on the 17th September that this

policy would be adopted. The people were prepared for the change because they had confidence in the declarations made by the party leaders, and, therefore, went forward, as every member of this House would have done were he in business, anticipating the increased duties, and taking out of bond everything they could ; it, therefore, became a question whether we would increase the existing embarrassments or remove them as far as possible. We did not say to our collectors deposit your money in such and such a bank, because the directors and managers are our political supporters. We said, whatever cheques you receive drawn on different banks, deposit in those banks to the credit of the Government. If we had placed \$800,000 or \$900,000 in a bank, half of which was without interest and half at four per cent., and it was found that that bank was using its influence in every shape and form in controlling and corrupting constituencies in the interests of this Government, then I could imagine how hon. gentlemen opposite might, with reason and with great power and effect, point to the corrupt and dishonourable conduct of the Government. Now, Mr. Speaker, I desire to offer a few remarks in reference to statements made by hon. gentlemen opposite ; but, before doing so, I come to a point that was referred to by an hon. member from the Eastern townships, who made such an admirable speech this afternoon on the question of taxation. The people are told that this Government are levying new and heavy taxes on the people. Did I not state in my speech the other night that these were necessary because of the decreased value of goods, added to the depression in trade, that we wanted to-day, only the average of the money received from Customs in 1874-75 ? We are not asking as much as they received at that time, but we find that there will be, this year, a deficiency of \$2,400,000, and it is a question whether we will meet the matter boldly, saying that this amount must be collected, and our credit maintained, or make an open declaration that we are prepared for another deficit of two and a-half million dollars. Suppose our friends opposite were in power to-day, they could not provide for this deficiency in any other way than by asking Parliament to impose

additional taxes. There is a simple way of doing that, by adding to the  $17\frac{1}{2}$  per cent. list 5 per cent. As we received \$7,000,000 last year from goods paying  $17\frac{1}{2}$  per cent., the 5 per cent additional would give \$2,000,000 more. It would be a simple way of obtaining it. It would not require many deputations or much calculation, and the Finance Minister would not be under the necessity of giving extended explanations as to the mode of levying it. That was the way our friends did before to the extent of  $2\frac{1}{2}$  per cent. Suppose they doubled it now, what would be the effect ? We hear a great deal said now about interfering with the industries of Great Britain ; on the other hand, we are *in toto* insulting the United States, because we are imposing new duties upon them. It appears to me, viewing it in a patriotic light, we ought not to create, by anything we say in this House, any unpleasant feeling, either in Great Britain or the United States, especially when it is not warranted by the propositions submitted to Parliament. Supposing 5 per cent. additional was added to the  $17\frac{1}{2}$  per cent. list, what would be the effect ? I said the other night that the average duty collected on goods from Great Britain was  $17\frac{1}{2}$  per cent., and on those from the United States only 10 per cent, and if our friends opposite had been in power and had not imposed duties to encourage protection, because that would be at variance with their principles, they would put 5 per cent. upon the  $17\frac{1}{2}$  per cent. list, which would give an increased advantage to the United States instead of diminishing it. Still we hear from the other side, "Oh ! this will create an unfriendly feeling in Great Britain towards Canada."

MR. MACKENZIE : You have no right to make a proposition for us, and then proceed to demolish it.

MR. TILLEY : I beg the hon. gentleman's pardon for supposing they would be consistent. I was supposing that they could not levy a duty to protect our native industries. If the hon. gentleman says I am doing his party an injustice by supposing that they would be consistent, I am willing to take it all back. A word or two as to the effect our proposition will have on the manufacturing industries of Great Britain.

We are called upon at this time, and have been ever since Confederation, to ask for a larger amount of money than we would have required under other circumstances, because we have spent, since Confederation, large sums in the improved navigation of the St. Lawrence, the construction of railways, the construction of the Intercolonial Railway, and now the Pacific Railway. It is quite true that the proposition I submit will impose on, and probably produce, something like \$750,000 from the imports of Great Britain. But our friends at home should bear in mind that we are engaged in a work in which they are deeply interested themselves. Every million dollars we spend for the improvement of our navigation, whether in building lighthouses, in the establishment of telegraph stations, in the deepening and enlarging of canals, or in the construction of railways, enables us to put the products of Great Britain into the Dominion, and into our great North-West, which we are going to people with millions, at a much lower rate than we otherwise could. The expenditure of this large sum will operate indirectly to the benefit of the manufacturing industries of Great Britain; it would be utterly impracticable to do it were we not spending that large sum, thus indirectly benefitting the manufacturing industries of Great Britain. In opening up that great North-West, we expect to provide a comfortable home for the surplus population of Great Britain. We will thus relieve Great Britain of its surplus population, and plant them where they will still be subjects of England, purchasing of her manufactures \$9.25 per head per annum, against \$2.50 if they removed to the United States and became aliens. Great Britain has a great interest in this work, and in the development of this great region. Will it be said that the increase of wealth and population resulting from the filling of our western territory with millions of settlers, will not be a source of strength to the mother land? We have only to point to the fact that a few months ago, when there was a possibility of trouble between the Mother Country and Russia, Canada was prepared to send 10,000 men, and back them by tens of thousands more, to fight for the old flag under

which we are proud to live. Instead of there being any feeling in England against us, although there are some Free-trade men who care not about the colonies, the heart of the people is with us. They know that this money is required for the development of our country, and for opening up new channels of trade between the Old World and the New, and to enable Canadians to compete with the manufacturers south of the line 45. The sympathies of the English people will be with us, instead of adverse, as has been desired by hon. gentlemen in Opposition. With reference to the United States, I was a member of the Government of New Brunswick when the unfortunate struggle between the North and South was at its height, and I then acted upon the principle, a principle I still hold to, that a Canadian statesman, who does not, in dealing with our American neighbours, duly consider their feelings, does not act in the interests of Canada; but he is not expected in any way to sacrifice the interests he is specially charged to protect. In the United States, the press differs in opinion with respect to this tariff. The Government, after refraining for twelve years from imposing duties on articles imported from the United States that were free under the Reciprocity Treaty, only now propose to reimpose them, though the United States Government restored the duty on our natural productions immediately on the abrogation of the Treaty. This proposition being accompanied with the declaration that we are prepared to meet them half way in the reduction or removal of duties, was calculated to prevent unkind criticism, and such has been the case. Goods imported from the United States will pay a larger share of the duties than goods from Great Britain. I have statements here that will bear out this assertion. The member for North Oxford (Mr. Oliver) observed that I stated that we expected to receive \$2,000,000 from the United States. What I said was that we expected to obtain this amount altogether, the larger portion from the goods imported from the United States. I did not enter into the question as to whether the producer or consumer would pay it.

Under those circumstances, I think there cannot be any unkind feeling towards Canada by the people of the United States. I see a moderate periodical, published there, remarks that the Canadian Government should have approached the United States Government on this question, before throwing down the gauntlet. We have twice approached them on this subject, and our propositions have been rejected; and the present Government have decided to wait till they make the advance, and show that they are prepared to meet us in a liberal spirit. I now come to some of the general objections that have been offered to the measure submitted to the House. Hon. members on the Opposition side have read letters disapproving of some of those propositions. All I can say is that, if any hon. member supposed that such a complete revolution in tariff arrangements as this tariff effects could be made without eliciting some complaints, he must have been very sanguine. All I can say is that it will be shown, by the amendments that I propose, that we have not made any very radical change of principle, and that, though gentlemen will ask for changes here and reductions there, and make complaints as to certain details, taking the Dominion as a whole, I have reason to feel that the majority of the country is with us in those propositions.

MR. MACKENZIE: No.

MR. TILLEY: We will see. What are the general objections to the tariff? My predecessor and the hon. member for West Middlesex (Messrs. Cartwright and Ross) complained that one effect would be to make people look to the Government and Parliament for relief. I was not surprised to hear my predecessor make that statement, because I think he distinctly asserted that it was impossible for the Government to do anything more than they had done for the relief of the people by legislation; but I was surprised to hear it from the member for West Middlesex. I thought I had followed him the last eight or ten years in the consideration of a question in which this Dominion is greatly interested. I had watched him as, step by step, he went on advocating such measures as he felt were necessary for the relief of the people from the vice of intemperance, and that he

took the ground that Parliament was the place to come to, as shown by the reform consummated in the Act passed last Session. Did my ears deceive me when my hon. friend declared that it would be a calamity if the people were taught to look to the Parliament and Government for relief from the great evils that existed in the land, when it was mainly to that source that he had educated the people to look? I have a word to say in answer to the arguments of my hon. friend from North Norfolk (Mr. Charlton). Extracts were read from his speech, the other night, and nothing that I could say would be so effectual as to read the speeches he made on former occasions. In answer to the hon. member for Oxford, did he not move for a Committee to enquire into the expediency of protecting the industries of the country? I think, when I was Finance Minister before, that he was one of the warmest advocates of Protection that I knew in Parliament. The hon. member for North Oxford, with Mr. Joly and the late member for Waterloo, and others, pressed upon me and upon Parliament the proposition to admit the production of beetroot sugar, for ten years, free of any excise duty, giving the producer a protection equal to 3c. per pound. This was the most thorough protective proposition made in Parliament, and the member for North Norfolk also joined in the demand. We have heard complaints about the promises made by gentlemen on this side to the electors at the last general election. These statements are made to destroy the effect of the elections of 17th September last. What did they say? That men were not bought by money, but by promises, and an hon. gentleman on the Opposition side has stated that there never was an election in Canada where there was so little money spent as in that one. Then, for the first time, we were before the country with a square issue, which was not money nor office, but a great question of principle. I know that many who supported me formerly then voted against me, because they had been told that, if they supported the Conservative party, their flour would cost a dollar a barrel more, and their coal cost more also, as the result of increased taxation; and the manufacturers were

told by the hon. gentlemen on the other side that they would get no increased protection. I claim that both sides were discussing principles that involved, no doubt, individual interests ; and I would ask if it was not the highest tribute that could be paid to the people of the Dominion to say that, on the 17th September, they laid aside all party questions, and voted for their principles by an overwhelming majority, sustaining the men who have submitted this policy to Parliament. We are told that this is a sectional policy, that it is going to separate the people, that the Government or the Finance Minister was simply a Committee appointed to receive propositions from the men who came to Ottawa. I can only say that, if we accepted the propositions from all parts of the Dominion, the tariff would have been a queer mixture indeed, because we naturally had conflicting interests to deal with. But the Government, in view of its responsibilities, as representing Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and the North-West, had to consider and decide as to what was in the interest of the whole Dominion, and what might meet, fairly and justly, the interest of the whole country. If we had come down with a proposition directly in the interest of one Province, no matter how great it might be, had we taken propositions *en bloc* from Ontario for example, the other Provinces would have grounds for complaint. Our scheme is not for a section, but for the interest of the whole country. A great deal has been said about the poor man by hon. gentlemen opposite. Sir, if these propositions are successful, the labouring man will derive the greatest benefit from them. If they are now idle, what is the advantage of their living in a cheap country ? Do you want him to be idle ? No ; you wish to get him something to do. When our friends on the other side of the Atlantic understand our scheme, and see that, instead of sending hundreds of thousands of people out of this country, it is to keep them in it, under the sovereignty and power of England, they will heartily approve of it. The hon. member for North Oxford (Mr. Oliver) said that I had stated that, had I been in office in 1874, I would not have disturbed the rate of 15

per cent. I did say so. We intimated, in 1873, that there would probably be a change in the tariff the next Session, which then, however, we did not need. Then we had an ample revenue for our purpose, to meet the \$22,500,000 that ought to have been expended, and no more. I stated that, for the years 1873 to 1878, the expenditures of the government of this country might have been kept within \$22,500,000, or an average for those four years. The Estimates I submitted to Parliament a few days since prove that. I did state this : that, had we been in power, we would not have asked to disturb the 15 per cent. list. We would have taken the money out of other articles that would have afforded encouragement to the industries of the country. And now, if we ask something more than 17½ per cent., it is because we are under the painful necessity of having \$2,000,000 more of money than 17½ per cent. yields, not because it is our desire or our wish to increase taxation. But we come back to the poor man. I stated, for the purpose of showing the position our friends occupy with reference to the question of the poor man, that it was unjust to him to levy 5c. on a pound of tea which cost 16c. when a man who bought 40c. or 50c. tea paid the same duty. And I say so still, and it is consistent with the propositions now before the House. I said it was unfair to make a man who bought a gallon of wine costing but 50c. pay 72c. duty, while a gallon costing \$4 or \$5 paid the same duty. Then there is the question of petroleum. Hon. gentlemen opposite thought it proper to impose 75 per cent. on it. Hon. members say : "Under these circumstances, you are taxing the poor man, and letting off the rich." In the case of tea there is no remedy—you must pay it ; but, in the case of woollen goods and cotton goods, what is our object ? I stated it distinctly, that when we could not manufacture an article in the country, there was no reason why we should exact from the English manufacturers a high rate of duty, and make our people pay it. But we impose a duty upon coarser material, for two reasons. Take woollen goods as an illustration ; the coarse article can be manufactured in the country, and will not only give employment to manufacturers,

but it will afford a market for that article, in which the hon. member for North Oxford feels such a deep interest—our native wool. He has said the imposition of a duty upon wheat, because we have a surplus, will give no benefit to the wheat grower, and still my hon. friend is overflowing with sympathies for the man who has a flock of sheep upon the hills. We have a surplus of wheat, and, according to his doctrine, it makes no difference whether you put a duty upon it or not.

MR. OLIVER: We have no surplus of wool. We import 3,000,000 pounds more than we export.

MR. TILLEY: Yes, we import more than we export, but the wool we grow unfortunately, is not, and cannot be, used for the kind of manufactures that are now made in the country. We are making this proposition to encourage the manufacture of good, strong, coarse cloths and blankets, to take the place of shoddy, by which he is cheated of his hard earnings, for when he has a suit of it on, if he goes out to work in the rain, he comes home with his knees out of his pants. We propose to have manufactured here what we want for our own use, and what we have been taking from the United States. We will try the experiment, and if we are to take the United States as a proof of our position, some twelve years ago they imposed 50c. a pound on all woollen goods imported, besides 20 or 30 per cent. *ad valorem*, and what was the effect? Woollen goods there, to-day, are cheaper, unquestionably, by 12½ to 25 per cent., than they were at that time. That will be the effect in this country; it will give the poor man a cheaper and better article than he has now. It may be, as the hon. gentleman stated, that on account of the competition, the manufacturer will derive no profit, but, at any rate, the people will get a good and cheap article, in place of a rotten, worthless one. Now it is said that the china the rich man uses, pays a duty of 20 per cent., while the common earthenware pays more. We have several large establishments engaged in the manufacture of earthenware; there is one in Montreal manufacturing \$7,000 per month. In the Province of New Brunswick there is one for stoneware; but if we have no more, this tariff will cause others to be established.

On these two articles that we can produce, we are asking encouragement; we ask it because it will give employment to the people. That is an article that does not require millions of dollars to be invested in it, and you will have them in every part of the country, wherever you can find the material.

MR. MACKENZIE: Where is the clay?

MR. TILLEY: There is plenty of it; if not in the West, then in the East, and we will be happy to reciprocate in products. Then we come to glassware. There are certain classes of common glassware that we do make, and we have imposed an additional duty on it, and it is believed that competition will produce an article which can be furnished to the consumer as cheap as it is at present. Then we come to pianos. It is said that it is not proper to make a piano costing \$200 pay a higher duty than one costing \$500 or \$600. It is impossible, in a proposition of this kind, to regulate a scale to bear equally all around, but we impose duty on these articles with a view of encouraging the industries that we have in this country. They can make all, or nearly all, that we require, providing that they have the market largely to themselves, and the proper duty is paid upon those articles when imported; therefore, it was considered advisable to impose a specific and *ad valorem* duty. Then there has been a good deal said about books. English books, it is said, pay a higher duty, and that the cheaper books pay less when the duty is paid by the pound. We know that a great many of the cheaper books, when they paid 5 per cent., paid less in proportion than the others, because you had to pay for the binding. But as I stated in the outset, it was for the purpose of saving a valuable and expensive book, that, from the ability that had been displayed by its author, and the price he had fixed upon it, which made it higher than ordinary publications, we thought a specific duty should be imposed, instead of an *ad valorem*. It was for the purpose, also, of removing the anomaly that existed up to the present time, whereby we impose 17½ per cent. on paper, and we admitted books, printed paper and binding at 5 per cent. That was an injustice to our own printers and our own

paper makers, and this proposition is made to remove that anomaly. My hon. friend, the leader of the Opposition, in his speech, the other night, pointed, as he has done on other occasions, to the United States, to show the effect that Protection had had upon the commerce of that country ; that it had destroyed, to a certain extent, the commerce of that country ; that is, that it had diminished the tonnage of that country. Did my hon. friend recollect at the time, that, while we were adopting a protective policy with reference to various other industries, on the question of shipping, we propose increased facilities. Taking the shipping of the United States at its summit—as it existed in 1863, that shipping fell off 400,000 tons the following year. That was the result of the difficulties that existed in that country ; ships were either destroyed, or they were registered under the names of British subjects. But my hon. friend will say that it was the high duties that were imposed upon the articles that entered into the construction of ships, that caused the diminution. Now, that was not the only difficulty that existed during the war, and there is no doubt that in Great Britain the construction of iron ships, which have largely taken the place of wooden vessels, had a good deal to do with it ; and there is no doubt that the duty that was imposed upon the materials that entered into the construction of United States vessels, had a good deal to do with making them more expensive than the ships of other countries, and hence the tonnage fell off. But my hon. friend should have remembered that in the proposition the Government has made, we protect the shipbuilder in giving him cheaper material ; we enable him to build cheaper than before, and therefore, the very difficulty that existed in the United States has been avoided by this proposition. The hon. member for West Middlesex (Mr. Ross) took some plausible points in his speech. I can quite imagine him on the stump ; I do not wonder that he succeeded in getting a seat in Parliament, because he can take a point and present it in a plausible kind of way. He says the Government have brought down a proposition to give drawbacks upon the ships built throughout the Dominion ; but he says, what

are they doing for the locomotives ? My hon. friend thought, no doubt, he was making a point that would take in his own constituency, but had he forgotten all that has been done by the Government of the Dominion and by the Government of old Canada, by the Government of Nova Scotia and other Provinces in the construction of railways ? Is there any other industry in this Dominion that has received the same direct support from Government ? My hon. friend thought he was making a point, as, in his section of the country they do not own ships, but if there is a railroad that passes within a mile of his county, or that passes through it, that railroad has received assistance from the old Government of Canada, or from the Province of Ontario, in excess and beyond anything that has ever been given to any other industry, and properly so. I now come to an important question, that is, the sugar question. I must say I was a little amazed at the statement made by my predecessor the other night. I may not have heard him distinctly, but I thought he stated we would lose \$1,000,000 by our proposed change of duties on sugar.

MR. CARTWRIGHT : I stated the people of Canada would lose more than \$1,000,000.

MR. TILLEY : It seems, Mr. Speaker, that I have not been mistaken. I had not the honour of a seat in the House when my hon. friend was Minister of Finance, but I recollect seeing in the papers the proposition that he laid upon the table, with reference to sugar, and the remonstrance that was made, and I appeal to members who were in the House at the time, to bear me out in the statement, that his first proposition was in the interest of refining of sugar ; but did not that hon. gentleman come down afterwards by way of encouraging refining in this Dominion, and take  $\frac{1}{4}$  per cent of the specific duty ? If I am correct, the hon. gentleman came down and made that reduction with the view of continuing in existence the sugar refineries of the country. It appears to me that he was pretending to give them something, while he was refusing to counteract the effect of the bounty given in the United States, pretending to give something to them, when there was no-

thing in it whatever: or else he was propounding a proposition that is very much in accordance with the one we have here. What is this proposition? It is the levying of specific duties exactly where the hon. gentleman left them. The *ad valorem* on all sugar below No. 14 is 30 per cent. instead of 25, but that is no increase, because it is stated distinctly that when sugars are imported direct from the West Indies, there shall be no duty collected on packages, which is equal to a reduction of 5 per cent. We put it precisely where it was in that respect. On refined sugar or sugars above No. 14, we give 5 per cent. more additional to the refiner. It is protection against this undue operation of the bounty system of the United States, which has destroyed sugar refining for the last five years in this country. That is our proposition. There is only 5 per cent difference on sugar above No. 14. The hon. gentleman says that the people of Canada lose \$1,000,000 by it. I have made some calculations on this matter; I may be entirely wrong, but I will give you the result of them. He says that the revenue last year was \$2,900,000.

MR. CARTWRIGHT: I said nothing of the kind.

MR. TILLEY: I understood him to say that the revenue was \$2,900,000, and the receipts, under this tariff, would be \$1,900,000, which would be a loss of \$1,000,000.

MR. CARTWRIGHT: I will tell the hon. gentleman what I said, and what I think he must have understood. I had the public returns in my hand, from which I was reading. I read to him then, what he must know—and it is perfectly absurd for him to affect ignorance—that we got \$2,500,000 last year, of sugar revenue, and by his present taxes it would cost the country \$2,920,000 if that sugar was brought in in the same quantities and the same values as now; but if, as is probable, the sugar is manufactured in this country, the total revenue would be \$1,900,00, or thereabouts.

MR. TILLEY: I understood him to say revenue, but that answers my purpose very well, because it enables me to give my statement, which is directly opposite. Now, I have made up here what I think will be the result, under

this tariff of next year, as compared with what it cost last year. Last year we imported 105,240,000 lbs. This year I am supposing the whole will come in to be refined. And there is another point, with reference to the trade in the United States, and in England. Under the operation of the law we now ask the Parliament to approve, there will be little refined sugar coming from the United States, but, under its operations, we will have large imports from England. Mr. Tilley then dwelt on other branches of the sugar question, and showed that \$8,633,644 were paid on sugar imported and consumed last year, as against \$8,293,000 for the next year, the difference in favour of the consumer being \$340,000 in addition to the benefits conferred on the country by refineries, and the employment given to the people and Canadian vessels. Mr. Tilley then read the following statement, showing the imports from Great Britain and the United States, for 1878, and the proposed increased duty on the same:—Agricultural implements from Great Britain, \$9,592; from the United States, \$132,053,  $7\frac{1}{2}$  per cent. increase; animals from Great Britain \$3,084, from the United States \$338,015, 10 per cent. increase; breadstuffs from Great Britain \$21,884, from the United States, \$13,350,777, 15 per cent. increase; carriages from Great Britain \$2,130, from United States \$83,504,  $7\frac{1}{2}$  per cent. increase; clocks from Great Britain \$7,420, from United States \$59,770,  $17\frac{1}{2}$  per cent. increase; coal, anthracite, from Great Britain \$7,503, from United States \$1,468,523, increase 50c. per ton; bituminous coal from Great Britain \$323,055, from United States \$1,169,731, increase 50c. per ton; copper manufactures from Great Britain \$8,637, and from United States \$15,884,  $12\frac{1}{2}$  per cent. increase; cotton manufactures, specific and *ad valorem* from Great Britain \$1,203,830, from United States \$2,472,184, 10 per cent. increase; coarse earthenware from Great Britain \$40,000, from United States \$40,000, 10 per cent. increase; dried fruit from Great Britain \$166,018, from United States, \$261,000,  $7\frac{1}{2}$  per cent. increase; green fruit from Great Britain \$134,460, from United States \$333,334, 10 per

cent. increase; furniture from Great Britain \$12,201, and from United States \$387,270, 17½ per cent. increase; gas fixtures from Great Britain \$11,113, from United States \$73,823, 12½ per cent. increase; India rubber goods from Great Britain \$56,079, from the United States \$92,261, increase 7½ per cent.; locomotive machinery from Great Britain \$137,507, from the United States \$507,705, increase 7½ per cent.; tubing, tacks, nails, spikes, sewing machines from Great Britain \$138,806, from the United States \$379,113, increase 12½ per cent.; glassware, common, from Great Britain \$37,544, from the United States \$208,443, increase 10 per cent.; do., fine quality, from Great Britain \$149,724, from the United States \$212,743, increase 2½ per cent.; builders', cabinetmakers' and carriage ware and cutlery, mostly from England, pay but 2½ *ad valorem*, from Great Britain 166,274, from the United States \$1,731,766, average 10 per cent.; lard from Great Britain \$1,654, from the United States \$210,902, increase 75 per cent.; bacon and hams from Great Britain \$1,014, from the United States \$260,003, 100 per cent. increase; small organs and pianos from Great Britain \$9,668, from the United States \$459,322, increase 7½ per cent.; books from Great Britain \$370,069, from the United States \$451,486, more than doubled; billiard tables from Great Britain \$175; from the United States \$11,129, 17½ per cent. increase; brooms and brushes from Great Britain \$20,319, from the United States \$22,707, increase 7½ per cent.; gunpowder and explosives from Great Britain \$20,319, from the United States \$90,000 increase 7½ per cent.; hats, caps, from Great Britain \$368,000, from the United States \$675,600, increase 7½ per cent.; copper and brass from Great Britain \$76,338, from the United States \$24,195, 10 per cent. increase. The imports of the following articles are greater from Great Britain than from the United States: manufactures of furs from Great Britain \$129,187, from the United States \$67,892, increase 7½ per cent.; pig iron from Great Britain 26,174 tons, from the United States 3,913 tons; from Great Britain \$397,829, from the United States \$90,901, increase \$2; bar, steel,

rails, blooms, billets, &c., from Great Britain \$1,804,519, from the United States \$322,688, average 10 per cent.; iron plate from Great Britain, \$348,613, from the United States \$61,254, average 10 per cent.; woollen goods from Great Britain \$2,765,131, from the United States \$73,807, increase 2½ per cent.; do. from Great Britain \$2,756,000, from United States \$74,000, increase 10 per cent.; do. finer from Great Britain \$716,068, from United States \$62,682, increase 7½ per cent.; blankets and coarsest woollens from Great Britain \$1,107,000 from United States \$162,657, increase 17½ per cent.; cotton goods from Great Britain \$2,835,249, from United States \$1,622,752, increase 2½ per cent.; earthenware from Great Britain \$360,000, from the United States \$15,000, increase 2½ per cent.; linen goods from Great Britain \$908,237, from United States \$67,459, increase 2½ per cent. The whole value of the imports from Great Britain, here referred to, is \$17,983,321, and from the United States, \$28,606,691. In this way it is expected to increase the revenue from articles on the first page largely imported from the United States, \$1,027,500; on merchandise received principally from Great Britain, \$505,000; on smaller articles and imports from other countries, under the 2½ per cent. increase, \$750,000; from silk goods \$150,000; spirits and wines, Customs, \$110,000; Excise, spirits \$100,000; making a total of \$2,642,500. Then deducting the reductions on sugar, \$250,000; tea, 90,000. With regard to the tea, it will now be largely imported from England and from China and Japan, instead of from the United States. If five or six establishments monopolise the whole of the business of the Dominion, I would ask if it would not be preferable that these establishments should be located in Canada instead of New York or Boston? The reduction on molasses would amount to \$100,000, and the amount on drawbacks \$100,000, giving a total of \$540,000, which would leave a balance of \$2,102,500 as the expected result of this tariff.

The hon. gentleman then proceeded to enumerate the remainder of the alterations which had been made, as follows:-

Candles, paraffine, per pound, changed to

5c. Sperm and others, except tallow, 25 per cent.

Babbit metal, 10 per cent.

Buttons of all kinds, 25 per cent.

Checked and striped shirting, 2c. per yard, and 15 per cent.

Cotton duck or canvass and sail twine, 5 per cent.

Dried apples per pound, 2c. All other dried fruit, 25 per cent.

Hats, caps and bonnets, 25 per cent.

Hatters plush of silk or common, 10 per cent.

Canada plates and sheet iron, 12½ per cent.

Iron and steel wire, 15 per cent.

Iron castings of all kinds, 25 per cent.

Cast-iron, gas, water and sewer pipe, 25 per cent.

Rolled beams and channels, angle and tyre, 15 per cent.

Iron bridges and structural iron work, safes and doors for safes and vaults, 25 per cent.

Wire-work safes and locks of all kinds, 30 per cent.

Lead pipe and shot, 25 per cent.

Gloves and mitts of leather, 25 per cent.

Oil cloth, 30 per cent.

Pipe organs and sets or parts of sets of reeds for cabinet organs, 25 per cent.

Paper pulp, 25 per cent.

Paints and colours ground in oil or any other liquid, 25 per cent.

White and red lead, dry, and bismuth, 5 per cent.

Paper hangings and paper calendered, 22½ per cent.

Lead pencils, 25 per cent.

Rolled silver, 10 per cent.

Prunella and cotton knittings for boots, shoes and gloves, 10 per cent.

Soap, perfumed, 30 per cent.

Wines to pay additional for each degree of strength over 26 per cent. of proof spirits, instead of 6c. for every five degrees or less, 3c.

Cologne water, etc., per gallon, \$1.90 and 30 per cent.

Steel ingots, bars, coils and sheets, railway bars, fish plates, after January 1st 1881, 10 per cent.

Glucose syrup, per pound, ½c. and 35 per cent.

Felt for boots, shoes and glove linings, 10 per cent.

Barytes, brimstone, crude chloride of lime, cream of tartar in crystals, etc., free.

He now came to the additional revenue expected from various articles as follows:—From agricultural implements, nothing; animals, \$25,000, breadstuffs, \$250,000; carriages, nothing; clocks, \$5,000 additional; anthracite coal, \$175,000; bituminous, \$100,000; cotton, specific and *ad valorem*, \$100,000; dried fruits, \$30,000; gas fixtures, \$5,000; locomotives, \$20,000; tacks, etc., \$30,000; glassware, coarse \$15 000;

glassware, fine, \$9,000; builders' and other hardware, \$80,000; lard, hams and bacon, \$25,000; books, \$35,000; gunpowder, etc., \$10,000; hats and caps, \$37,500; marble and imitation marble, \$15,000; copper bars, 10,000; furs, manufactured, \$5,000; pig iron, \$60,000; iron bars, \$200,000; woollen goods, \$180,000; silk goods, \$150,000; spirits and wines, Customs, 110,000; spirits, excise \$100,000; duties from other countries and advance of 2½ per cent. in goods, \$750,000. Mr. Tilley said that these increases were necessary to meet the expenditures of the country, and such being necessary, they had been arranged so as to develop the industries of the Dominion. The majority of the people believed that with energetic and enterprising American manufacturers across the lines, Canadian manufacturers could not prosper under a low tariff. It was said that we were adopting a policy at variance with that of Great Britain. No man could say what the policy of Great Britain would be five years hence. A very significant answer was given by the Minister of Foreign Affairs when recently receiving a deputation, which asked whether some influence could not be brought to bear on those foreign countries adopting protective measures with a view to induce them to change their policy. The answer was that Great Britain had nothing to give. Its free trade policy furnished it with nothing to give. Canada, however, was now in a position to go to Paris and say that it had something to give in return for concessions granted. The same remark applied to Spain and the United States as well. It was said that a protective policy had produced Socialism and an irredeemable paper currency. Without entering into the merits of the question, he would ask what party in the United States favoured an irredeemable paper currency. The Protectionists and the Republicans opposed it. With respect to Socialism which it was said Protection would introduce into Canada, it originated in Germany, which was a Free-trade country, though now becoming Protectionist. What caused the strikes in England? They were due to foreign countries, under protective tariffs, being able to send their manufactures into England, which was followed by English

manufacturers announcing that they must reduce the wages of their hands or they could not compete with foreigners. If Great Britain adopted a different policy—he did not say whether it would or not—it would have something to offer other nations to induce them to admit its manufactures at lower duties. At all events, the Government felt they were acting in this question in the interests of Canada, which looked to the Government and to Parliament to legislate in its interests. It was all very well to make this a cheap country to live in, but if the people had no employment, low prices were useless. If we desire the Dominion to become what we expect to see

it, we must not only bring people into it, but retain those already here, each of whom, according to the calculations of hon. gentlemen opposite, was worth \$1,000. At a subsequent stage the House would enter into the details of the proposals, which could then be discussed more fully, but he was satisfied that today the people of the country were in favour of the National Policy. Hon. gentlemen opposite said the sun was shining on their side. If it were so, let them bask in it, but they on the Ministerial benches believed that the Policy submitted would promote prosperity and happiness to the country.



























































































